



# County of Los Angeles **CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012

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DAVID E. JANSSEN  
Chief Administrative Officer

June 03, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

## **THIRTY-YEAR LEASE FOR DEPARTMENT OF PUBLIC SOCIAL SERVICES 120<sup>TH</sup> AND WESTERN, LOS ANGELES (SECOND) (3 VOTES)**

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that your Board has complied with the requirements of the California Environmental Quality Act by your previous approval and adoption of a Negative Declaration for the project.
2. Approve a Lease agreement with option to purchase substantially in the form attached hereto as Attachment C (Lease), with Vermont Village Human Services Corporation (VVC) as Lessor, for approximately 88,546 rentable square feet of office space with parking to accommodate 542 vehicles for a term of 30 years at an initial annual cost not to exceed \$3,177,030 on a full-service basis including capital replacement reserves, parking, a \$70 per square foot tenant improvement (TI) allowance, and an option to purchase. The space will be occupied by the Department of Public Social Services (DPSS), with the cost to be substantially subvented by State and Federal funds.
3. Authorize the Chief Administrative Office (CAO) to direct VVC and/or the Director of Internal Services Department (ISD) to design and/or acquire telephone, data and low voltage systems for the project at a cost not to exceed \$2,500,000, all or part of which may be paid in lump sum or financed in an amount not to exceed \$600,000 per year, through the Lease, in addition to the TI allowance provided for under the Lease, at the discretion of the CAO and DPSS.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

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4. Authorize the CAO to agree to an increase or decrease in the rent by up to \$0.10 per square foot per month on or before July 10, 2003, if a change in interest rates warrants such a correction.
5. Approve the project and authorize the CAO to finalize and execute the Lease and other related documents and implement the project.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

On June 4, 2002, your Board approved a Request for Authority (RFA) directing the CAO to finalize negotiations with VVC. The authority provided for a design/build 30-year lease with an option to purchase at an initial monthly full-service rental rate not to exceed \$2.90 per square foot per month for office space with appurtenant parking for DPSS.

DPSS will face relocation from the County-owned site at 1326 Imperial Highway, Los Angeles, which is also occupied by Probation. Probation will be relocated to modulars at 1326 Imperial Highway on a temporary basis pending further planning. These departments are required to be moved because the existing facility has reached the end of its useful life and a new County capital project has been approved for this site. DPSS and Probation are currently housed in this 40-year-old functionally and economically obsolete facility (a former White Front store) that houses 567 staff, (consisting of DPSS - 445, and Probation – 122). This facility suffers from an inefficient design which creates overcrowding that impedes the quality of service to its clientele. The current facility should hold no more than 500 personnel.

The Lease will provide DPSS with a facility that will offer staff and client parking, increased lobby area, client mitigation measures, and critically needed room for the General Relief Program which provides financial assistance for adults and the General Relief Opportunities for Work (GROW) program which provides employment preparation and training for General Relief participants.

In November 1993, your Board approved the creation of eight Service Planning Areas (SPAs) to provide for better planning, coordinating, sharing of information and data, and delivery of

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children's health, mental health, and social services. In November 1998, your Board approved the first phase of the CAO's Strategic Asset Management Plan which called for an in-depth study of space utilization and service delivery among the social service departments: Department of Children and Family Services (DCFS), Child Support Services Department (CSSD), Department of Mental Health (DMH), and DPSS. As a result, the County retained the services of Gensler & Associates to conduct a Social Services Space Study which concluded that caseload and service delivery locations were, to varying degrees, mismatched in all SPAs, but most pronounced in SPA 6. SPA 6 is located in the central portion of Los Angeles County and has one of the largest concentrations of social services caseloads, but is lacking in existing County facilities and office space to optimally deliver these services. The public in need of services must travel long distances to offices outside the SPA 6 area. While DMH and DPSS have office facilities in SPA 6, the Social Services Space Study concluded that substantial additional square footage was needed and that the County should consider acquiring new larger facilities to consolidate numerous existing offices and provide opportunities for co-location of programs. Such a strategy would provide both functional and economic efficiencies by allowing more convenient and coordinated service delivery for the public as well as economies of scale from shared use of support space (conference, reception, and storage space) and improved leverage inherent in larger size projects from lower per-unit cost of construction. In addition, such new facility acquisitions serve as catalysts for neighborhood revitalization.

Soon after completion of the study, the CAO undertook an extensive search to identify available office space, but the supply of available and usable existing office facilities within SPA 6 is severely limited. As a result, in May 2001, the CAO issued a Request for Proposal (RFP) to 367 real estate developers, brokers and other interested parties to lease an office complex or complexes to be designed and built to meet the identified space requirements for SPA 6. Fifteen responses were received, some of which were disqualified for being outside the SPA 6 area. On June 4, 2002 your Board authorized the CAO to enter into negotiations with four developers on four specific sites as follows:

KMPG  
ICO  
VVC

921 East Compton Boulevard, Compton  
2000 West Slauson Avenue, Los Angeles  
120<sup>th</sup> and Western

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McCoy Associates

Southeast corner of Main and Rosecrans, Los Angeles

The CAO/Real Estate Division has negotiated with the above proposers. A lease with KMPG for DMH and DCFS was approved by the Board of Supervisors on December 17, 2002. Negotiations have been terminated with McCoy because the original site proposed was potentially contaminated, but before a final determination could be made, McCoy's escrow reportedly was cancelled by his seller.

This Lease represents the second of three leases required to satisfy the SPA 6 social services requirement as identified by Gensler. The third and final lease with ICO will be forthcoming within the next few months for your consideration.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

As outlined in Attachment A, the recommendations herein are in compliance with the Strategic Asset Management Principles approved by your Board on November 17, 1998, in that they allow the continuation of an efficient consolidation of DPSS staff in a central location housing General Relief, GROW and support staff within one facility. The consolidation and expansion of these programs at the proposed facility is more conducive to operate DPSS=general relief program and will enhance the effectiveness of service delivery to the growing target population.

The Countywide Strategic Plan directs that we improve the quality of life for the residents of Los Angeles County's unincorporated communities by offering a wide range of department coordinated services responsive to each community's specific needs (Goal 6). This project is located within the unincorporated area of Los Angeles in SPA 6, addresses that goal, and services residents of incorporated cities as well.

### **FISCAL IMPACT/FINANCING**

If the Auditor-Controller determines that these types of leases are treated as operating leases, the cost for DPSS is 91 percent subvented by State and Federal funds for the lease term. However, should the Auditor-Controller determine that these types of leases should be treated

by the County as capital leases, the subvention for DPSS will be changed such that the subvention would be reduced over the 30-year term of the lease by approximately \$12.7 million, assuming that DPSS occupies the project for

30 years. On a cumulative basis, greater claiming of approximately \$1,075,000 will be available during years one through eight if the lease is treated as a capital lease.

This office conducted a survey of the immediate area to determine the availability of comparable and more economical sites. Attachment B shows all County-owned and leased facilities within the search area for these programs. Staff was unable to identify any sites in the surveyed area that could accommodate these hard-to-locate program requirements without serious disruption to the local communities. The rent under the proposed lease represents the market rate necessary to complete a design/build project for a Class A office building in the required project area in today's marketplace, given the constraints of the required geographical boundaries and the available site size and configuration. The proposed site best meets the department's program needs based on its proximity to the caseload, accessibility by public transportation via Western Avenue, and its location in a nonresidential area within SPA 6.

	<b>New Lease</b>
Area (rentable sq. ft.)	88,546 sq. ft.
Annual Rent (including services)	\$3,177,030.48
Monthly Rent/Rentable Square Foot	\$2.99/sq. ft.
Parking	542
TI Allowance (optional)	\$6,198,220 or \$70/sq. ft.
Reserve Fund	\$0.05 sq. ft./mo beginning in year two
Cancellation	After 15 years
Term of Lease	30 years
Options to Renew	Five 5-year options
Option to Purchase	Yes, anytime after 10 years
Expected Occupancy	DPSS

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The proposed 30-year lease will be on a full-service basis at a maximum first year annual cost of approximately \$3,177,000 including parking, reserves and the maximum expenditure of the TI allowance. The County has the option of providing its own services for a fixed reduction in rent. Other than increases in operating expenses, the rent and parking rates are fixed at today's level for up to 55 years. VVC has provided an offer to design and build a Class A, Type 1 building totaling approximately 88,546 rentable square feet with parking for DPSS at a fixed base rental rate of \$2.34 per square foot per month, plus property services of \$0.65 per square foot. A TI allowance of \$6,198,220 or \$70 per square foot is included in the base rent.

Replacement reserves of \$0.05 per square foot per month begin in the second year. If the County elects to manage the property, the triple net rate will be \$2.37 with the County responsible for all repairs maintenance and services. The availability of the new facility and the lease structure with VVC are essential to the government operations of the County and VVC's undertaking of the acquisition, construction, installation, equipping and leasing of the new facility will lessen the burdens of government imposed upon the County.

Sufficient funds will be included in the 2004-05 Rent Expense budget during which scheduled occupancy and rental payments are expected to begin, and sufficient funds will be available in the DPSS budget as well. The expected construction time will be approximately 18 to 24 months, with no rent due until a Certificate of Occupancy is issued by the Los Angeles County Department of Public Works (DPW).

The existing facility at 1326 Imperial Highway, Los Angeles requires substantial structural upgrades as well as seismic, mechanical, electrical, plumbing, and HVAC replacements. It would not be prudent to expend these funds on a building expected to be razed in the coming years to make room for a potential capital project. An offsetting savings may be achieved of up to \$1.2 million per year on services and facility costs avoided by moving from the current facility.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

VVC is proposing a lease with a term of 30 years which provides five 5-year extension options, a purchase option, and a right to terminate after the fifteenth year. Preliminary plans are being prepared by the VVC architects, with full occupancy anticipated within 18 to 24 months of Board approval of the lease project. If VVC finishes on a quicker schedule as anticipated, the savings will be passed on to the County as either a reduction in rent, or a pre-funding of a capital replacement reserve account.

The proposed facility will provide 542 off street parking spaces. The development site is conveniently located adjacent to bus routes. The parking ratio of approximately six spaces per 1,000 square feet of building area exceeds the City's requirement. However, this number of parking spaces is required to satisfy program needs and to alleviate neighborhood traffic and parking concerns. At the County's option, the Lease can be converted to a net lease with the County providing management and all services.

This Lease was negotiated to incorporate provisions to allow the Lessor to obtain tax-exempt financing and, therefore, differs from our typical lease agreement. The tax-exempt financing allows the developer to provide a lower lease rate to the County.

Although the June 4, 2002 RFA provided authority to finalize negotiations with VVC for a design/build 30-year lease at an initial monthly full-service rental rate not to exceed \$2.90 per square foot per month, the rate for this lease is \$2.99 per square foot per month. In part, the higher rate is due to a smaller revised building program of 88,546 net rentable square feet as opposed to 120,000 square feet which was originally proposed. Although the cost is less for a smaller building, the calculation for the bond issuance and computed lease rate per square foot is based on, and spread over a smaller overall square footage. Also, additional parking has been provided, the TI allowance has been increased to \$70.00 per square foot, and bond rates have slightly increased since the original proposal.

VVC believes that the structure of this transaction will enable the lease to be exempt from property taxes. If, however, the Assessor determines that the transaction is not exempt from taxation, the County would be required to pay the property taxes in the form of a higher rent

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through the expense pass-through mechanism in the Lease.

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The proposed Lease was submitted for review to your Board's appointed Real Estate Management Commission on January 29, 2003. After careful review, it was the Commission's decision to provide a unanimous approval for this lease project. Your Board is authorized to enter into the proposed lease pursuant to Government Code Section 25351. County Counsel will review and approve the Lease as to form when it is finalized.

#### **ENVIRONMENTAL DOCUMENTATION**

Your Board previously approved and adopted a Negative Declaration for this project prepared by the Department of Regional Planning. The Department of Regional Planning made an initial study of environmental factors and concluded that the project will not have a significant impact on the environment or an adverse effect on wildlife resources. The Negative Declaration was prepared and a notice first posted on the site on March 13, 2003, as required by the California Environmental Quality Act (CEQA) and CEQA Guidelines, Section 15072. Copies are attached of the completed Initial Study and the Negative Declaration (Attachment D).

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Your authorization to finalize negotiations for leased space at 120<sup>th</sup> Street and Western Avenue will allow continuation of important DPSS programs in SPA 6 without disrupting delivery of service to County clients. Because of the clientele expected to be serviced from this new facility, the CAO has determined that a childcare facility would not be compatible with these programs.

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### **CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return two executed documents, a stamped copy of this Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division, 222 South Hill Street, 3<sup>rd</sup> Floor, Los Angeles, CA for further processing.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SAH  
CWW:WLD:dg

Attachments (5)

c: County Counsel  
Auditor-Controller  
Internal Services Department  
Probation  
Public Social Services Department

**Department of Public Social Services  
120<sup>th</sup> and Western, Los Angeles**

<b>1. <u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup> <b>Relocates DPSS</b>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>	X		
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meeting the guideline of 200 sf of space per person? <sup>2</sup>	X		
<b>2. <u>Capital</u></b>				
A	Should program be in leased space to maximize State/Federal funding?	X		
B	If not, is this a long term County program?			
C	Is it a net County cost (NCC) program		X	
D	If yes to 2 B or C; is this a capital lease or operating lease with an option?		X	
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County-owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered? <b>Project is design/build</b>	X		
<b>3. <u>Portfolio Management</u></b>				
A	Did department utilize CAO Space Request Evaluation (SRE)? <b>Confirmed by Gensler study.</b>	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. <u>X</u> The program clientele requires a stand alone facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. <u>X</u> The Program is being co-located.			
E	Is lease a full service lease? <sup>2</sup> <b>With option to convert to NNN.</b>	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?			X
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
	<sup>2</sup> If not, why not?			

Please **BOLD** any written responses

## Attachment B

LACO	FACILITY NAME & ADDRESS	SQUARE FEET:		OWNERSHIP	AVAILABLE SQUARE FT.
		GROSS	NET		
X351	Century Detention - Detention Administration 11705 S. Alameda St. Lynwood 90262	20,706	17,600	Financed	20,706 gross
4403	South Services Agency Administration Building 360 W. El Segundo Blvd. Los Angeles 90061	2,584	1,901	Owned	None
X169	DPSS-Compton AP District Office 211 E. Alondra Blvd. Compton 90220	48,135	37,233	Owned	None
Y150	DPSS-Former Exposition Park Office 3965 S. Vermont Ave. Los Angeles 90037	66,484	55,228	Owned	65,067 gross

EXECUTION COPY

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

KUTAK ROCK LLP  
201 South Lake Avenue  
Suite 308  
Pasadena, California 91101-3004  
Attention: Sam S. Balisy, Esq.

---

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER  
TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND  
TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES  
PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

**LEASE AGREEMENT**

by and between

**VERMONT VILLAGE HUMAN SERVICES CORPORATION,**  
as Lessor

and

**COUNTY OF LOS ANGELES,**  
as Lessee

Dated as of May 28, 2003

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EXHIBIT G ~	MEMORANDUM OF LEASE COMMENCEMENT AND TERMINATION DATE
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EXHIBIT I ~	PURCHASE PRICE OPTION SCHEDULE
EXHIBIT J ~	WORK LETTER

## LEASE AGREEMENT

**THIS LEASE AGREEMENT** (this "Lease Agreement"), is made and entered into in duplicate original as of the 3<sup>rd</sup> day of June, 2003, by and between **VERMONT VILLAGE HUMAN SERVICES CORPORATION**, a nonprofit corporation organized and existing under the laws of the State of California (the "State") (hereinafter referred to as the "Lessor"), and the **COUNTY OF LOS ANGELES**, a political subdivision of the State (hereinafter referred to as the "Lessee") (capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit A of this Lease Agreement):

### WITNESSETH:

WHEREAS, the Lessee acknowledges that the leasing, operation and maintenance of facilities to accommodate the functions of the Lessee's Department of Public Social Services is properly the Lessee's burden;

WHEREAS, the Lessee desires to lease an office building and accompanying parking facilities to house any one or more of the County's Department of Children and Family Services (DCFS), Child Support Services (CSSD), Mental Health (DMH), and/or Probation and Public Social Services (DPSS) programs (the "Programs") managed by the Lessee's Department of Public Social Services;

WHEREAS, the Lessor has rights to purchase certain real property and desires to develop, construct and operate such office and parking facilities and lease the same to the Lessee under the terms and provisions of this Lease Agreement;

WHEREAS, the Lessee has determined that the operation and maintenance of the Premises (as defined below) by the Lessor, and the Lessee's lease of the Premises from the Lessor, relieves a burden of the Lessee to operate and maintain such office and parking facilities to accommodate the Lessee's Programs or any other governmental administrative purpose of the Lessee; and

WHEREAS, in addition to such office and parking facilities, the Lessee desires and has requested the Lessor and the Lessor has agreed, to provide the Lessee with certain furniture, fixtures and equipment under this Lease Agreement;

NOW THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises contained in this Lease Agreement, the Lessor and the Lessee agree as follows:

**Section 1. Representations, Covenants and Warranties of the Lessee.** The Lessee represents, covenants and warrants to the Lessor as follows:

- (a) ***Due Organization and Existence.*** The Lessee is a political subdivision of the State, duly organized and validly operating as such under the Constitution and laws of the State.

(b) ***Authorization, Enforceability.*** The Constitution and laws of the State authorize the Lessee to enter into this Lease Agreement and to enter into the transactions contemplated by and to carry out its obligations under this Lease Agreement, and the Lessee has duly authorized the execution and delivery of this Lease Agreement. This Lease Agreement constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) ***No Violations.*** None of the execution and delivery of this Lease Agreement, the fulfillment of or compliance with the terms and conditions hereof, or the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee.

(d) ***Execution and Delivery.*** The Lessee has taken all actions required to authorize and execute this Lease Agreement in accordance with the Constitution and laws of the State and all acts, conditions and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery by the Lessee of this Lease Agreement, do exist, have happened and have been performed in due time, form and manner as required by law.

**Section 2. Representation, Covenants and Warranties of the Lessor.** The Lessor represents, covenants and warrants to the Lessee as follows:

(a) ***Due Organization and Existence; Authorization, Enforceability.*** The Lessor is a nonprofit public benefit corporation duly organized, existing and in good standing under and by virtue of the laws of the State, and has the full power to enter into this Lease Agreement and to enter into the transactions contemplated by and to carry out its obligations under this Lease Agreement; is possessed of full power to own and hold real and personal property, and to lease the same; and the Lessor has duly authorized the execution and delivery of this Lease Agreement. This Lease Agreement constitutes a legal, valid and binding obligation of the Lessor, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(b) ***No Violations.*** None of the execution and delivery of this Lease Agreement, the fulfillment of or compliance with the terms and conditions hereof, or the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of the Articles of Incorporation or Bylaws of the Lessor or provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any

of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor.

(c) ***Execution and Delivery.*** The Lessor has taken all actions required to authorize and execute this Lease Agreement in accordance with the Bylaws of the Lessor and laws of the State and all acts, conditions and things required by the Bylaws of the Lessor and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery by the Lessor of this Lease Agreement, do exist, have happened and have been performed in due time, form and manner as required by the Bylaws of the Lessor and by law.

**Section 3. Lease of Premises.** The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, and upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, the Premises; *provided, however*, that the Lessor and the Lessee may, prior to the Lease Commencement Date, amend, modify or change the Premises subject to the provisions of the Work Letter.

#### **Section 4. Term.**

(a) ***Original Term.*** The term of this Lease Agreement shall commence on the Lease Commencement Date and shall end on the Lease Termination Date. Notwithstanding the foregoing, the Lease Term shall be automatically extended for a period of time equal in duration as the Premises are unavailable for the Lessee's use and occupancy as a result of an Abatement Event with respect to the entire Premises following the expiration of the loss of business income insurance coverage described in Section 20(b) but only if the Lessee has not exercised its right in paragraph (c) below to cancel this Lease Agreement. The Lessor shall provide written notice to the Lessee of the Lease Termination Date at least eighteen (18) months prior to the Lease Termination Date (or the expiration of the then-current Renewal Lease Term (as defined in paragraph (b) below), as the case may be), which notice shall state that the Lessee has the option to renew this Lease Agreement (with the exception of the notice delivered prior to the expiration of the fifth (5<sup>th</sup>) Renewal Lease Term, if applicable) or purchase the Premises in accordance with the terms of this Lease Agreement.

(b) ***Options to Renew.*** So long as no Lessee event of default has occurred and is continuing under this Lease Agreement (and, in particular, the Lessee has complied with the provisions of Section 7 and Section 16 hereof), the Lessee shall have the option to renew this Lease Agreement for up to five (5) periods of five (5) years each (each such period a "Renewal Lease Term") and upon each such exercise, the Lease Term shall be extended for each such Renewal Lease Term; provided, however, the entire Lease Term shall not exceed fifty-five (55) years in the aggregate. The Lessee, by Chief Administrative Officer letter, shall notify the Lessor in writing not less than twelve (12) months prior to expiration of the Lease Term of the Lessee's intention to exercise each such option. The Lessee shall deliver to the Lessor a written instrument evidencing the actual exercise of the option granted herein together with satisfactory written evidence of the approval of such exercise by the Board of Supervisors of the County of Los Angeles

not later than six (6) months prior to the expiration of the Lease Term. Upon the giving of such notice of exercise, this Lease Agreement shall automatically be extended for a Renewal Lease Term and no further instrument of extension need be executed. In the event the Lessor shall fail to provide the Lessee with written notice of the Lease Termination Date as provided in paragraph (a) above, the Lessee shall have the right to exercise its option to renew upon written notice to the Lessor not later than three (3) months prior to the Lease Termination Date. In the event that the Lessee fails to give notice of its intention to exercise its option to renew this Lease Agreement as herein provided, this Lease Agreement shall automatically terminate at the end of the Lease Term and the Lessee shall have no further right or option to extend this Lease Agreement.

Each Renewal Lease Term shall be upon the same covenants, agreements, provisions, terms and conditions as the Original Lease Term, including specifically the Lessee's obligations to make Rental Payments during each Renewal Lease Term in the amounts and at such times as prescribed by this Lease Agreement during the Original Lease Term, except that upon the expiration of the fifth Renewal Lease Term the Lessee shall have no further option to renew or extend the Lease Term.

(c) **Cancellation.** The Lessee shall have the right to cancel this Lease Agreement as a result of an Abatement Event with respect to the entire Premises if such Abatement Event continues and is reasonably expected to continue for a period of time during which (x) during the Original Lease Term, all amounts available in the Reserve Fund established for the Bonds have been completely exhausted, and (y) at any time during the Lease Term, there will be or is no loss of business income insurance coverage as described in Section 20(b)(iv) due to the expiration of the existing loss of business income insurance (and the Lessor shall provide written notice to the Lessee of the date of expiration of the Lessee's loss of business income insurance coverage no earlier than one-hundred twenty (120) days and no later than ninety (90) days prior to such date of expiration) or otherwise. The Lessee's right to cancel this Lease Agreement, which may be exercised once during each such Abatement Event, must be exercised by providing written notice to the Lessor no later than sixty (60) days prior to the expiration of such loss of business income insurance coverage. Notwithstanding the above, this Lease Agreement shall not be canceled if the Premises are restored to tenantable condition and the Abatement Event ceases prior to the expiration of such loss of business income insurance coverage.

## **Section 5. Rental Payments, Operating Costs, Expense Pass-throughs and Consideration.**

(a) **Base Rent.** The Lessee hereby agrees, subject to the provisions of Section 10 hereof, to pay Base Rent, as set forth in Exhibit E, for the use and occupancy of the Premises during the Original Lease Term. The Base Rent shall be payable monthly in advance on the first day of each and every month commencing on the Lease Commencement Date; *provided, however*, that, the Base Rent shall not be deemed delinquent and the Lessee shall not be in default hereunder so long as such Base Rent is paid by the fifth day of the month in which such Base Rent is due. If the Lease Commencement Date occurs on a date other than the first day of a month, the amount of

the first Base Rent payment shall be prorated based on the number of days remaining in the month in which the Lease Commencement Date occurs. If any date on which a Base Rent payment is due under this Lease Agreement is not a Business Day, such Base Rent payment shall be due and payable on the next succeeding Business Day. Notwithstanding anything to the contrary contained herein, Lessor and Lessee covenant and agree to complete the information contained in Exhibit E to this Lease Agreement in order to determine the Base Rent and Additional Rent, as described in this Section 5(a) and Section 5(b), prior to the date of issuance of the Bonds.

(b) ***Additional Rent.*** In addition to the Base Rent set forth in paragraph 5(a) hereinabove, the Lessee hereby agrees, subject to the provisions of Section 10 hereof, to pay as Additional Rent for the use and occupancy of the Premises, Operating Costs, Expense Pass-throughs and contributions to the Renewal and Replacement Fund, as set forth below during the Original Lease Term.

(c) ***Operating Costs.*** The Lessor and the Lessee hereby agree that the Estimated Operating Costs for the Base Year shall be as projected on Exhibit E. The Estimated Operating Costs shall be payable monthly by the Lessee in 12 equal monthly installments, in advance, on the first day of each and every month during the Lease Term commencing on the Lease Commencement Date; *provided, however*, that this component of Additional Rent shall not be deemed delinquent and the Lessee shall not be in default hereunder so long as such component of Additional Rent is paid by the fifth (5<sup>th</sup>) day of the month in which such component of Additional Rent is due. If the Lease Commencement Date occurs on a date other than the first day of a month, the Lessee agrees to pay the Lessor on the Lease Commencement Date an amount for Estimated Operating Costs equal to the initial monthly installment for Estimated Operating Costs prorated based on the number of days remaining in the month in which the Lease Commencement Date occurs. If any date on which a payment for Estimated Operating Costs is due under this Lease Agreement is not a Business Day, such payment shall be due on the next succeeding Business Day.

(i) In the event that in any Lease Year amounts received and/or to be received from the Lessee hereunder as Additional Rent for the payment of Property Taxes, Utility Costs and Insurance Premiums in such Lease Year with respect to the Premises are determined by the Lessor or the Trustee to be or will be insufficient to pay the next installments of Property Taxes, Utility Costs and Insurance Premiums, the Lessor shall direct the Trustee to withdraw the amount of such deficiency from the Renewal and Replacement Fund. Concurrently with the delivery of such direction to the Trustee, the Lessor shall provide the Lessee with a written statement identifying the amount of the deficiency and providing sufficiently detailed documentation of such deficiency and requesting the Lessee to pay such deficiency as a component of Additional Rent no later than forty-five (45) days following the receipt of such written statement. Upon receipt of such payment from the Lessee, the Trustee shall deposit such payment into the Renewal and Replacement Fund.

(ii) If this Lease Agreement is still in effect on and after the date on which the Bonds are no longer outstanding, payments of any deficiency in Property Taxes, Utilities Charges and Insurance Premiums shall be made directly to the Lessor and any directions with respect to withdrawals from the Renewal and Replacement Fund shall be given, to the escrow agent to whom the Renewal and Replacement Fund has been transferred in accordance with the terms of this Lease Agreement. The Lessor shall directly repay to the escrow agent the amount required to replenish the Renewal and Replacement Fund to the amount held therein prior to the withdrawal of the amounts permitted under paragraph (i) above.

(iii) In the event that in any Lease Year amounts received from the Lessee hereunder as Additional Rent for the payment of the Operating Costs of the Premises (other than Property Taxes, Utility Costs and Insurance Premiums) are determined by the Lessor to be insufficient to pay such Operating Costs, the Lessor may submit a written statement to the Lessee requesting that the amount of Additional Rent payable hereunder for the Operating Costs of the Premises (other than Property Taxes, Utility Costs and Insurance Premiums) be increased to an amount sufficient to pay such Operating Costs. Such written statement from the Lessor shall identify the Operating Costs which have increased from the amounts set forth in the most recent statement of Estimated Operating Costs, provide any supporting documentation for such increase in Operating Costs and provide a revised statement of Estimated Operating Costs for the then-current Lease Year.

Lessee, in its sole discretion, may either agree to pay the increased Operating Costs in conformity with the revised statement of Estimated Operating Costs for the remainder of the current Lease Year or the Lessee shall within thirty (30) days of the receipt of the revised statement of Estimated Operating Costs provide a written statement to the Lessor identifying the Lessee's objections to such statement. The Lessor may thereafter submit a revised written statement to the Lessee. Nothing herein shall obligate the Lessee to pay any additional amounts for Operating Costs (other than Property Taxes, Utility Costs and Insurance Premiums in the manner set forth herein) in excess of the statement of Estimated Operating Costs for the current Lease Year, unless expressly agreed to in writing by the Lessee.

(iv) The Estimated Operating Costs set forth in this Lease Agreement have been determined by the parties based on certain specifications of the Premises, certain assumptions regarding the costs of the services to be provided by the Lessor hereunder and the other obligations imposed upon the Lessor hereunder and are subject to change prior to the Lease Commencement Date, upon mutual consent in writing of the Lessee and the Lessor, which consent shall not be unreasonably withheld, as a result of any change in such assumptions and specifications of the Premises.

No later than ninety (90) days after the conclusion of the Base Year and each subsequent Lease Year during the Lease Term, the Lessor shall furnish to the

Lessee a statement of the Actual Operating Costs for the Premises for the Base Year and each subsequent Lease Year. The statement shall be prepared, signed, and certified to be correct by a duly authorized representative of the Lessor. If the Actual Operating Costs are in excess of the Estimated Operating Costs paid by the Lessee as a component of Additional Rent during the Base Year or each subsequent Lease Year, the Lessee shall within thirty (30) days of the receipt of such statement pay to the Lessor the difference between the Estimated Operating Costs paid by the Lessee and the Actual Operating Costs. If the Actual Operating Costs are less than the Estimated Operating Costs paid by the Lessee during the Base Year or each subsequent Lease Year, the Lessor shall credit any such excess to the Lessee's obligation to pay Estimated Operating Costs during the following Lease Year.

The Lessor shall keep at its offices full, accurate and separate books of account covering the Lessor's Actual Operating Costs, and the statement to the Lessee shall accurately reflect the total Actual Operating Costs. The books of account shall be made available by the Lessor at its offices for a period of at least 48 months after the expiration of each Lease Year. The Lessee shall have the right at all reasonable times during the Lease Term and for a period of 48 months after the end of the Lease Term to inspect the books of account. Within 24 months of the end of each Lease Year, the Lessee shall also have the right to complete or cause to be completed an audit of the Lessor's Actual Operating Costs for any such Lease Year by third-party accountants or consultants experienced in the operations of similar businesses, mutually selected by the Lessor and the Lessee; *provided, however*, that the Lessor shall only be responsible for the reasonable cost of such audit if the Actual Operating Costs certified by the Lessor during a Lease Year are more than 5% greater than the audited Actual Operating Costs. Such audit cost shall include normal and customary charges for third-party accountants and consultants performing such audit and the Lessor's liability for such charges shall not exceed \$5,000 per audit. In the event the Actual Operating Costs paid by the Lessee during any Lease Year exceed the audited Actual Operating Costs for such Lease Year, the Lessor shall credit all excess amounts paid by the Lessee for such Lease Year to the account of the Lessee to offset the Lessee's obligation to pay Estimated Operating Costs during the following Lease Year. In the event the Actual Operating Costs paid by the Lessee during any Lease Year are less than the audited Actual Operating Costs for such Lease Year, the Lessee shall promptly pay the Lessor the amount of such discrepancy.

The Lessee shall have the right, at its sole cost and expense, during regular business hours, to request and complete an audit of the books and records of the Trustee relating to the Bonds and the financing of the Premises.

The Lessee reserves the right upon reasonable notice to the Lessor to request that the Lessor's books of account be maintained according to generally accepted accounting principles and the Lessee agrees to pay any and all costs associated with the Lessor's compliance with such request, including the costs of audits necessary to insure compliance with generally accepted accounting

principles, as may be reasonable and customary for properties similar to the Premises within the community in which the Premises are located.

If the Lessee objects to any statement of Actual Operating Costs submitted to the Lessee by the Lessor, the Lessee shall within thirty (30) days of the receipt of the statement provide a written statement to the Lessor identifying the Lessee's objections to the statement; provided, however, that such time limit shall not limit the Lessee's right to audit the Lessor's books of account except for those matters resolved pursuant to mediation under this Lease Agreement. Both parties shall attempt to resolve the conflict by negotiation. If the Lessor and the Lessee are not able to negotiate a resolution of the conflict within thirty (30) days after the Lessee has given the Lessor written objection to the statement, then the dispute shall be resolved by mediation in compliance with Section 26(m) of this Lease Agreement.

No later than thirty (30) days prior to the end of the Base Year and each subsequent Lease Year thereafter during the Lease Term, the Lessor shall furnish to the Lessee a statement of the Estimated Operating Costs for the Premises for the next succeeding Lease Year and the monthly payments required to be made by the Lessee during such Lease Year. If the Lessee objects to any statement of Estimated Operating Costs submitted to the Lessee by the Lessor, the Lessee shall within ten (10) days of the receipt of the statement provide a written statement to the Lessor identifying the Lessee's objections to the statement. Both parties shall attempt to resolve the conflict by negotiation. If the Lessor and the Lessee are not able to negotiate a resolution to the conflict within ten (10) days after the Lessee has given the Lessor written objection to the statement, then the dispute shall be resolved by mediation in compliance with Section 26(m) of this Lease Agreement. Until such time as a final determination is rendered in such mediation, the Estimated Operating Costs for the next succeeding Lease Year shall be the same as the preceding Lease Year and the Lessee agrees and covenants to pay such Estimated Operating Costs in the manner provided in this Section.

Operating Costs for each and every Lease Year during the Lease Term include, without limitation, the costs of providing or performing the following:

- (A) maintenance and repair, but not replacement of, the heating, ventilation, air conditioning, plumbing and electrical systems, life safety equipment, telecommunication and other equipment furnished by the Lessor, elevators and fire detection systems, including sprinkler system;
- (B) trash disposal;
- (C) Janitorial Services;
- (D) Security Services;

(E) premiums paid or incurred for the insurance policies maintained by the Lessor pursuant to Section 20 hereof;

(F) Property Taxes, assessments and fees which are levied upon the use or ownership of the Premises; *provided, however*, that such taxes, assessments and fees shall not include (1) any taxes accruing while the Lessee is not entitled to possession of the entire Premises; *provided, further*, that the Lessee shall remain responsible for all of such taxes, assessments and fees in the event the Lessee assigns this Lease Agreement or subleases the Premises as provided herein; (2) any taxes attributable to alterations and/or improvements to the Premises without the prior written consent of the Lessee; or (3) any tax increase attributable to a transfer of ownership without the Lessee's written consent, which increase shall thereafter remain the liability of the Lessor;

(G) utility charges, including water, sewer, gas and electricity charges of every kind and nature and other publicly mandated services to the Premises;

(H) management fees incurred by the Lessor in connection with the carrying out of this Lease Agreement and the compliance with the terms hereof, *provided, however* that such management fees for each of the first five Lease Years shall not exceed 3% of the Rental Payments in each such Lease Year, and thereafter during the remaining Lease Term shall not exceed 4% of the Rental Payments during each subsequent Lease Year or market rates for management of similar properties within the area, if less;

(I) cost of salaries, accrued vacation, insurance and benefits, and the employer's portion of payroll taxes, and a third-party payroll processing fee not to exceed 5% for all persons employed in connection with the operation and maintenance of the Premises (minus the pro-rata portion of such costs allocable to any time spent by such employees on matters other than the Premises, such pro-rata costs to be detailed (as projected) in Estimated Operating Costs, subject to the Lessee's prior approval); and

(J) cost of Workers' Compensation Insurance (and, when required by law, compulsory Non-Occupational Disability Insurance) for all persons employed in connection with the operation and maintenance of the Premises (minus the pro-rata portion of such costs allocable to any time spent by such employees on matters other than the Premises, such pro-rata costs to be detailed (as projected) in Estimated Operating Costs, subject to the Lessee's prior approval).

Notwithstanding anything herein to the contrary, the Lessee reserves the right to challenge the Lessor's Operating Costs to the extent such Operating Costs

are not commercially reasonable for properties similar to the Premises within the City of Los Angeles consistent with Building Owners and Managers Association standards. The Lessor covenants and agrees to require that the Lessee shall be named as a third-party beneficiary with respect to any contract or agreement for the management, maintenance and operation of the Premises.

Operating Costs shall not include the following costs:

- (A) depreciation of the Premises;
- (B) legal and consulting fees and other costs incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Premises;
- (C) the cost of any capital improvements made to the Premises without the Lessee's written consent;
- (D) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature except equipment not affixed to the Premises which is used in providing the Janitorial Services;
- (E) any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as operating expenses by landlords of comparable Type I or Type II, Class A buildings;
- (F) fees relating to any ground leases;
- (G) the costs associated with the remediation or mitigation of Hazardous Substances, except to the extent attributable to actions or omissions of the Lessee, which shall be paid by the Lessee;
- (H) replacement of the heating, ventilation, air conditioning, plumbing and electrical systems, life safety equipment, telecommunication and other equipment furnished by the Lessor, elevators and fire detection systems, including sprinkler system, the roof or other capital items;
- (I) replacement of the Furniture, Fixtures and Equipment;
- (J) except as otherwise expressly provided herein:
  - (1) cost of gross salary and wages, payroll taxes, insurance, worker's compensation, pension benefits and any other benefits of the Lessor's supervisory and office personnel;
  - (2) general accounting and reporting services, as such services are considered to be within the reasonable scope of the

Lessor's responsibilities to the Lessee, and except for such services with respect to the Premises as are permitted above;

(3) cost of forms, stationery, ledgers and other supplies and equipment used in the Lessor's office, except for such items as are specifically required for, or proprietary to, the Premises;

(4) cost or pro-rata cost of telephone and general office expenses incurred on the Premises by the Lessor for the operation and management of properties other than the Premises;

(5) cost or pro-rata cost of data processing equipment, whether located at the Premises or at the Lessor's office;

(6) cost or pro-rata cost of data processing provided by computer service companies;

(7) cost of all bonuses, incentive compensation, profit sharing or any pay advances to employees employed by the Lessor in connection with the operation and management of the Premises, except for payments to individuals specifically approved in writing by the Lessee in advance;

(8) cost of automobile purchases and/or rentals, unless the automobile is being provided by the Lessee;

(9) costs attributable to claims, losses and liabilities arising from (y) any breach of this Lease Agreement by the Lessor or (z) the negligence, recklessness, willful misconduct, fraud or criminal acts of the Lessor's employees, agents, contractors, subcontractors or associates;

(10) costs for meals, travel and hotel accommodations for the Lessor's office personnel who travel to and from the Premises, unless expressly authorized by the Lessee;

(11) cost of obtaining and maintaining such licenses and qualifications to do business in the State of California; and

(12) earthquake, terrorism, flood and mold insurance coverage, as provided in Section 20(b) hereof.

(K) costs, including permit, license and inspection costs, incurred in connection with the installation of tenant improvements for any tenant in the Premises or incurred in renovating or decorating vacant space for tenants of or other occupants of the Premises (provided, however, that such costs shall constitute Expense Pass-throughs to the extent permitted under (d)(ii) or (d)(iii) below)

(L) costs of correcting defects in the initial design or construction of the Premises;

(M) brokerage commissions, space planning costs, finders' fees and attorney's fees incurred by Lessor in connection with leasing or attempting to lease space within the Premises; and

(N) any insurance deductibles.

Notwithstanding anything herein to the contrary, the Lessor shall not establish or maintain a management office on the Premises unless such office is expressly approved in writing by the Lessee; *provided however*, that Lessor shall be authorized to maintain an office on the Premises (to be located in the Parking Structure), as approved by Lessee.

(d) ***Expense Pass-Throughs.*** The Lessee covenants and agrees to pay to the Lessor as an additional component of Additional Rent hereunder all Expense Pass-throughs within thirty (30) days of the receipt of a statement from the Lessor providing sufficient detail of the nature and cost of such Expense Pass-through items. The following costs shall be deemed to be Expense Pass-throughs and shall be the sole responsibility of the Lessee:

(i) costs incurred in the performance by the Lessor of Janitorial Services and Security Services in excess of those services provided pursuant to this Lease Agreement requested by the Lessee;

(ii) capital improvements and modifications to the Premises necessitated by changes in laws or required to comply with laws applicable to public buildings or facilities leased by public agencies following the Lease Commencement Date; *provided that*, in the event that the cost of such capital improvements and modifications described in this subsection (d)(ii) exceeds One Thousand Dollars (\$1,000), Lessee shall have the right to direct Lessor to apply amounts in the Renewal and Replacement Fund to pay such excess costs, to the extent of moneys available therein;

(iii) capital improvements and modifications approved by the Lessee after the Lease Commencement Date;

(iv) costs incurred by the Lessor as a result of a breach by the Lessee of any covenants and agreements contained in this Lease Agreement which are agreed to by, or imposed upon, the parties or pursuant to mediation or judgment;

(v) costs of obtaining extended warranties on certain equipment or components of the Tenant's Improvements, as available from the manufacturer of the same, at the option of the Lessee; and

(vi) cleaning, repairing and replacing the Furniture, Fixtures and Equipment.

If the Lessee objects to either the nature or amount of the Expense Pass-throughs, the Lessee shall provide a written statement of such objection to the Lessor within thirty (30) days of the receipt of the Lessor's statement of the Expense Pass-throughs. The Lessee and the Lessor shall attempt to resolve the conflict by negotiation. In the event that the Lessee and the Lessor are not able to resolve the conflict within thirty (30) days after the Lessee has given the Lessor written objection to the statement, the dispute shall be resolved by mediation in compliance with Section 26(m) of this Lease Agreement.

(e) ***Delinquent Rental Payments.*** Subject to the grace periods provided herein, if payment of any installment of Base Rent or Additional Rent is delinquent, the Lessee shall pay the Lessor an amount equal to the lost interest earnings on amounts withdrawn from the Reserve Fund or the Renewal and Replacement Fund as a result of such delinquent Base Rent or Additional Rent payments. Amounts received by the Lessor or any assignee of the Lessor shall be deposited in the Reserve Fund or the Renewal and Replacement Fund, as appropriate.

(f) ***Consideration.*** The Lessee and the Lessor have agreed and determined that the Rental Payments due under this Lease Agreement represent fair consideration for the beneficial use and occupancy, and the continued quiet use and enjoyment, of the Premises by the Lessee for and during each Lease Year. In making such determination, consideration has been given to the value of the Premises, other obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Premises and the benefits therefrom which will accrue to the Lessee and the general public by reason of the Lessee's use and possession of the Premises.

(g) ***Covenant to Budget and Annually Appropriate.*** The Lessee hereby covenants to take such action as may be necessary to include all Rental Payments due hereunder in its annual budget and to make the necessary annual appropriations for all such Rental Payments subject only to Section 10 hereof. The covenants on the part of the Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the Lessee to carry out and perform the covenants and agreements on the part of the Lessee contained in this Lease Agreement. The obligation of the Lessee to make Rental Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to make Rental Payments does not constitute indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(h) ***No Withholding, Setoff or Counterclaim.*** Notwithstanding any dispute between the Lessee and the Lessor hereunder with respect to the Lessor's repair, maintenance and operation of the Premises, the Lessee shall make all Base Rent payments when due and shall not withhold any Base Rent payments pending the final resolution of such dispute or for any other reason whatsoever. The Lessee's obligation to make Base Rent payments in the amounts and on the terms and conditions specified

hereunder shall be absolute and unconditional without any right of setoff or counterclaim, subject only to the provisions of Section 10 hereof.

## **Section 6. Funds and Reserves.**

(a) ***Revenue Fund.*** The Lessor shall establish or cause to be established by the Trustee and held in trust under the Indenture a separate fund designated as the “Revenue Fund” into which all Rental Payments owed hereunder shall be deposited and applied as provided in the Indenture.

(b) ***Renewal and Replacement Fund.*** The Lessor shall establish or cause to be established by the Trustee and held in trust under the Indenture a separate fund designated as the “Renewal and Replacement Fund” (the “Renewal and Replacement Fund”). As a component of Additional Rent due under this Lease Agreement, the Lessee agrees to pay to the Lessor or the Trustee, as directed by the Lessor prior to the Lease Commencement Date, an amount equal to \$0.05 per Rentable Square Foot of Office Space per month as shown on Exhibit E for deposit into the Renewal and Replacement Fund. Amounts payable hereunder for deposit into the Renewal and Replacement Fund shall be due and payable at the same time and in the same manner as Base Rent. All interest earnings and income on amounts on deposit in the Renewal and Replacement Fund shall be retained therein. Amounts on deposit in the Renewal and Replacement Fund shall be applied by the Lessor to fund the repair, refurbishment or replacement of the Premises not otherwise funded from any other sources pursuant to this Lease Agreement. The Lessor shall notify the Lessee in writing of any proposed disbursement or application of amounts on deposit in the Renewal and Replacement Fund and obtain the Lessee’s written consent to such disbursement or application, which consent shall not be unreasonably delayed, conditioned or withheld by the Lessee. If the Lessee fails to deliver a written disapproval of such proposed disbursement or application of funds in the Renewal and Replacement Fund within thirty (30) days of the Lessor’s delivery of notice to the Lessee outlining the Lessee’s basis for such disapproval, then the disbursement or application of such funds shall be deemed to be approved by the Lessee. In addition to the above uses of the amounts on deposit in the Renewal and Replacement Fund, the Lessor and the Lessee hereby agree that such amounts may be applied to pay any deficiency in amounts available to pay Property Taxes, Utility Costs and Insurance Premiums, as provided in Section 5(c)(i) to the extent sufficient amounts are on deposit in the Renewal and Replacement Fund. No additional amounts may be withdrawn from the Renewal and Replacement Fund for Property Taxes, Utility Costs and Insurance Premiums until all previous withdrawals have been replenished as provided for in Section 5(c)(i). The Lessor and the Lessee further agree that the Lessor may apply amounts on deposit in the Renewal and Replacement Fund to the payment of any insurance deductible required to be paid by the Lessee with respect to the insurance maintained pursuant to Section 20 of this Lease Agreement. In the event Lessee exercises its option to extend the term of this Lease Agreement, as provided in Section 4(b) and the Bonds are no longer outstanding, all moneys in the Renewal and Replacement Fund shall be transferred to a third party escrow agent (which may be the Trustee) and shall be disbursed pursuant to the written direction of the Lessor and the Lessee for the purposes set forth in this paragraph. The Trustee shall invest all amounts on deposit in the

Renewal and Replacement Fund as provided in the Indenture; provided, however, that upon written notice to the Lessor and the Trustee, the Lessee may elect, at any time or from time to time, to direct the investment of amounts on deposit in the Renewal and Replacement Fund, or any portion thereof, subject to the terms and provisions of the Indenture. On the Lease Termination Date, all amounts on deposit in the Renewal and Replacement Fund (whether with the Trustee or an escrow agent) shall be transferred to, and shall become the sole property of, the Lessee.

(c) ***Project Fund.*** The Lessor shall establish or cause to be established by the Trustee and held in trust under the Indenture a separate fund designated as the “Project Fund” (the “Project Fund”) to be maintained in accordance with the Indenture. In addition, the Lessor shall establish or cause to be established separate accounts within the Project Fund designated as the “Base Improvements Account,” and the “Tenant Improvements/Furniture, Fixtures and Equipment Account.” Proceeds of the Bonds shall be deposited in each of such accounts within the Project Fund and maintained in accordance with the Indenture. The parties agree that funds on deposit in the Tenant Improvements/Furniture, Fixtures and Equipment Account shall not be applied for Base Improvements Costs, unless the Lessor has obtained the Lessee’s prior written consent to such use.

(d) ***Reserve Fund.*** The Lessor shall establish or cause to be established by the Trustee and held in trust under the Indenture a separate fund designated as the “Reserve Fund” (the “Reserve Fund”) to be maintained in accordance with the Indenture.

## **Section 7. Use of Premises.**

(a) ***Limitations on Use of Premises.*** (i) The Lessor agrees that the Premises shall be used by the Lessee as an office building and parking structure for the Department of Public Social Services of the County of Los Angeles or for any other governmental administrative purpose of the Lessee during normal working hours, after normal working hours, on weekends and holidays. (ii) With the written consent of the Lessor, which consent shall not be unreasonably withheld, and subject to paragraph (h) below, the Lessee may use the Premises for any other lawful purposes appropriate to the neighborhood and other users of the Premises, during normal working hours, after normal working hours, on weekends and holidays as the Lessee may desire. Within fifteen (15) days of the receipt of a written request of the Lessee, the Lessor shall notify the Lessee of any additional information it will require prior to the delivery of its response required hereunder. The Lessee agrees to provide or cause to be provided any and all information requested by the Lessor with respect to any change in the use of the Premises. Approval of any change in use of the Premises shall be given or denied within thirty (30) days of Lessee’s receipt of such additional information (or thirty (30) days after receipt of the Lessee’s written request if no additional information is requested by the Lessor). The failure of the Lessor to reject the Lessee’s written request under this Section 7(a)(ii) within thirty (30) days of the receipt of such additional information (or thirty (30) days after receipt of the Lessee’s written request if no additional information is requested by the Lessor) shall be conclusively deemed to be consent to such change in use. All costs incurred by the Lessor and the Lessee in connection with any change in use permitted

hereunder shall be paid by the Lessee prior to the effective date of such change in use, including, without limitation, costs, fees and expenses in obtaining an opinion of bond counsel which the Lessor deems reasonably necessary to assure that interest on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes as a result of such proposed change in use.

(b) ***Conduct of Operations.*** The Lessee covenants to conduct its operations in such a manner as to keep the sidewalks, driveways, and passageways on or adjacent to the Premises, and the entrance and stairs to the Premises, clean and free of dirt, debris, obstacles, graffiti, and any substance or condition which would endanger persons using the sidewalks, driveways, or passageways; *provided, however*, that the Lessee's obligations under this Section shall not relieve the Lessor of its obligations to maintain and operate the Premises as provided in this Lease Agreement. The service entrance area of the Office Building (the "Service Area") serves as a common means of egress for the Lessor, the Lessee and other users of the Premises. Other than an appropriate waste receptacle(s), and, subject to the Lessor's reasonable prior approval, containers for clean recyclable and returnable containers, the Lessee will not store or maintain any food, beverages, or other goods, supplies, materials or equipment of any kind in the Service Area of the Office Building.

(c) ***Chemicals, Nuisance and Hazardous Substances.*** The Lessee covenants not to injure, overload the capacity of the Facilities, or deface the Premises, nor permit on the Premises any inflammable fluids or chemicals (other than a limited amount of fluids and chemicals customarily used for cleaning purposes, unless the Lessor otherwise permits the same in writing) or any nuisance or emission therefrom of any objectionable noise or odor, nor permit any use of the Premises which is improper, offensive, contrary to law or ordinance, or liable to invalidate (or increase the premiums for) any insurance on the Facilities or its contents or liable to render necessary any alterations or additions to the Facilities. The Lessee shall not permit to be released on the Premises any Hazardous Substances and will comply with the provisions of Section 20(b) hereof. If for any reason the Lessee's use of the Premises results in an increase of the premiums for the insurance of the Lessor, the Lessee shall on demand reimburse the Lessor for all such insurance premium increases.

(d) ***Rules and Regulations.*** The Lessee covenants and agrees to comply with the reasonable rules and regulations attached hereto as Exhibit C, including such amendments thereto as the Lessor may promulgate from time to time with regard to the care and use of the Premises and approaches thereto, subject to Lessee's prior approval; *provided, however*, that such rules and regulations do not alter, modify or change the terms and provisions of this Lease Agreement and shall relate to the maintenance and operation of the Office Building consistent with industry standards.

(e) ***Safe and Sanitary Condition.*** The Lessee covenants to keep the Premises in a safe and sanitary condition and to comply with and to keep the Premises in compliance with, all legal and insurance requirements now or hereafter existing and as required by the occupancy or use made of the Premises by the Lessee; *provided, however*,

that the Lessee's obligations under this Section shall not relieve the Lessor of its obligations to maintain and operate the Premises as provided in this Lease Agreement.

(f) **Misuse of Premises.** The Lessee shall not itself use or permit any other person to use the Premises, or any portion thereof, for any purposes which may materially damage or harm the Premises or any improvements on, or the image or attractiveness thereof, or for any improper, offensive or immoral use or purpose, or in any manner which shall constitute waste, nuisance or public annoyance. The Lessee shall conform to, and cause all persons using or occupying any part of the Premises to comply with, all public laws, ordinances and regulations from time to time applicable thereto and to operations thereon. The Lessee covenants and agrees that after the Lessee takes possession of the Premises and begins to use the Premises, the Lessee shall thereafter continuously and uninterruptedly use, occupy and do business in the whole of the Premises during the normal and customary business hours of governmental offices as are from time to time in effect. Nothing contained in this Section 7(f) is intended to limit or restrict the Lessee's use of the Premises as provided in Section 7(a) above.

(g) **Employees, Agents, Invitees and Visitors.** The Lessee covenants not to permit any employees, agents, invitees, or visitors of the Lessee to violate any covenant or obligation of the Lessee hereunder, or any of the rules and regulations from time to time promulgated by the Lessor pursuant to paragraph (d) above.

(h) **Tax Covenant.** The Lessee hereby covenants and agrees not to make any use of the Premises which would cause the Bonds to be "federally guaranteed" under Section 149(b) of the Code or "private activity bonds" as described in Section 141 of the Code or to take or omit to take any action which would result in the interest component of the Bonds being included in gross income of the owners thereof for federal income tax purposes. Other than this Lease Agreement, no other governmental obligations of the Lessee are being sold, entered into or issued at substantially the same time and sold pursuant to a common plan of financing which will be paid out of (or have substantially the same claim to be paid out of) substantially the same source of funds as the Base Rent. The Lessee does not expect that the Premises will be purchased and subsequently sold or otherwise disposed of before the last scheduled Base Rent payment due under this Lease Agreement. The Lessee has not created or established, and the Lessee does not expect that there will be created or established, any sinking fund, pledged fund or similar fund, including, without limitation, any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the payment of the Base Rent. In the event that interest on the Bonds is determined to be includable in gross income of the owners thereof as a result of a breach by the Lessee of this covenant, the Lessee shall be solely responsible for the payment of any penalty or settlement amount and any increased cost associated with such interest being taxable. The Lessee covenants and agrees to execute and deliver a tax certificate concurrently with the issuance and delivery of the Bonds in form and substance reasonably satisfactory to permit bond counsel to opine that the interest with respect to the Bonds is excluded from gross income for federal income tax purposes.

**Section 8. Termination.** (a) Lessee shall have the right to terminate this Lease Agreement on the fifteenth anniversary date of the Lease Commencement Date (the "Optional Termination Date"), as set forth in Exhibit F if, and only if, the following conditions are satisfied: (i) no event of default exists as set forth in Section 15 herein, (ii) the Lessee has provided final written notice of intent to terminate this Lease Agreement in accordance with this Section 8(a)(ii) ("Final Notice of Termination") to the Lessor and Trustee no less than seventy-five (75) days prior to the Lease Termination Date, (iii) Lessee has provided written authorization to the Lessor for the marketing of the Premises, as set forth in Section 8(d) below, and (iv) simultaneously with delivery of the Final Notice of Termination, Lessee shall have deposited with the Trustee a cash payment, or posted a letter of credit with the Trustee, which letter of credit shall name the Trustee as beneficiary thereunder and shall be in form and substance satisfactory to the Trustee and any insurer of debt related to the Premises, in an amount equal to the Termination Fee on the Lease Termination Date calculated by the Lessor in accordance with this Section 8 without consideration of Net Sales Proceeds, assuming that the proceeds from the sale of the Premises are to be zero (\$0.00) (collectively the "Conditions of Termination").

(b) In addition to the right of the Lessee to terminate this Lease Agreement as set forth in paragraph (a) above, the Lessee shall have the right to terminate this Lease Agreement as a result of an Abatement Event described in Section 10 hereof or condemnation described in Section 19 hereof; *provided that* (x) (during the Original Lease Term), all amounts available in the Reserve Fund established for the Bonds have been completely exhausted, and (y) (at any time during the Lease Term), there is no loss of business income insurance coverage as described in Section 20(b)(iv); and *provided further that* (i) the Lessee has provided written notification to the Lessor and Trustee of its intention to terminate this Lease pursuant to this Section 8(b) ("Extraordinary Notice of Termination") within one hundred and twenty days (120) days of receipt by Lessee from the Trustee of written notice of receipt of insurance proceeds or condemnation award or sale proceeds by the Trustee, as the case may be, and (ii) simultaneously with delivery of such Extraordinary Notice of Termination, the Lessee has deposited with the Trustee a cash payment, or posted a letter of credit with the Trustee, which letter of credit shall name the Trustee as beneficiary thereunder and shall be in form and substance satisfactory to the Trustee and any insurer of debt related to the Premises, in an amount equal to the Termination Fee on the Lease Termination Date calculated by the Lessor in accordance with this Section 8 without consideration of Net Sales Proceeds, assuming that the proceeds from the sale of the Premises are zero (\$0.00) (collectively, the "Conditions of Extraordinary Termination"). The date of termination of this Lease Agreement pursuant to this Section 8(b) shall be determined by the Lessor and shall be a date no less than forty-five (45) and no more than sixty (60) days after delivery by Lessee of the Extraordinary Notice of Termination to Lessor and Trustee.

(c) In the event that the Conditions of Termination or the Conditions of Extraordinary Termination are satisfied and Lessee elects to terminate this Lease Agreement pursuant to this Section 8, then the Lessor or its assignee shall immediately undertake or cause to be undertaken diligent efforts to sell the Premises for its then fair market value. Lessee shall be liable for and pay the Termination Fee, if any. The Termination Fee, if any, shall be the difference between (i) the Termination Value

determined in accordance with Exhibit F plus all reasonable costs and expenses of or associated with the termination of this Lease Agreement, and (ii) the sum of (A) all funds and accounts held by the Trustee pursuant to this Lease Agreement as of the Lease Termination Date (including any insurance proceeds as a result of an event of damage or destruction or an award for the taking of all or any part of the Premises or proceeds from the sale of the Premises as a result of condemnation) less any amounts relating to the Premises due and owing to the Lessor, the Trustee, and/or any third party creditor of any of them, and (B) Net Sales Proceeds from the sale of the Premises. The Net Sales Proceeds from the sale of the Premises shall equal the gross proceeds from the sale of the Premises less all actual and reasonable costs of or associated with the sale of the Premises (including, but not limited to, all brokers' fees, all fees and costs of Lessor and Trustee, and all closing costs). Notwithstanding the above, at any time prior to the Final Notice of Termination or within thirty (30) days of receipt of an Extraordinary Notice of Termination pursuant to paragraph (b) above, as the case may be, the Lessor may, with the written approval of the Trustee and any insurer of debt related to the Premises, which approval shall not be unreasonably withheld, elect not to cause the sale of the Premises as required herein provided the Lessor pays an amount equal to the Termination Value on the Lease Termination Date as set forth on Exhibit F less all amounts held in the funds and accounts held by the Trustee pursuant to this Lease Agreement as of the Lease Termination Date (including any insurance proceeds as a result of an event of damage or destruction or an award for the taking of all or any part of the Premises or proceeds from the sale of the Premises as a result of condemnation) plus any amounts relating to the Premises due and owing to the Trustee (the "Lessor Termination Amount"). In the event that the Lessor elects, at its sole and absolute discretion, to exercise such option, it shall deposit at the Trustee, simultaneously with the notification of the exercise of its right to do so, an amount equal to the Lessor Termination Amount on such Lease Termination Date.

(d) Lessee shall authorize the Lessor to proceed with the marketing of the Premises for sale at any time that Lessee may become interested in terminating this Lease. Lessee shall authorize the Lessor to begin marketing the Premises no less than one hundred and eighty (180) days prior to an anticipated date of termination. In the event that the Lessor fails to market the Premises, then Lessee shall be responsible for marketing the Premises.

(e) The price, terms and conditions for the sale of the Premises under this Section 8 shall be subject to the prior written approval of Lessee. In the event the Lessee does not approve of the proposed price, terms and conditions of a sale of the Premises pursuant to Section 8(c), the Lessee shall have the right to purchase the Premises on the proposed Lease Termination Date pursuant to the terms of Section 22 hereof.

(f) Notwithstanding anything herein to the contrary, the Termination Fee or any other amounts owed pursuant to this Section 8 shall only be payable from legally available funds of the Lessee or Lessor (if Lessor has exercised its rights under paragraph (c) above), as the case may be.

**Section 9. Holdover.** In the event the Lessee holds over beyond the end of the Lease Term herein provided, this Lease Agreement shall be renewed for a period of sixty (60) days at a time, provided that such holding over occurs with the consent, express or implied, of the Lessor which may be withheld in the Lessor's sole discretion; *provided further, however*, that the Lessor's consent with respect to the Lessee's holding over for any sixty (60) day period shall not be deemed to constitute a general consent with respect to any subsequent month. During any such holdover period with or without the Lessor's consent, the Lessee agrees and covenants to pay Base Rent in an amount equal to the Base Rent payable immediately prior to the commencement of the hold over period pursuant to the provisions of Section 4(b) and Section 5(a) of this Lease Agreement and to pay Additional Rent in the amounts and in the manner specified in Section 5(b) of this Lease Agreement for each month beyond the Lease Term that the Lessee has possession of the Premises.

**Section 10. Abatement.** Following an Abatement Event, the Lessor shall diligently proceed to repair or replace the Premises to as nearly as possible the condition existing prior to the happening of the casualty. Except as otherwise provided in this Lease Agreement, the existence or nonexistence of insurance proceeds shall have no bearing on said duty to repair or replace the Premises. To the extent an Abatement Event causes the entire Premises to be rendered untenable, all Rental Payments shall cease as of the date of the Abatement Event and no further Rental Payments shall accrue until the entire Premises is again ready for occupancy. In the event that only a portion of the Premises is rendered untenable, the Lessee shall be entitled to a Proportionate Abatement in the Rental Payments due under this Lease Agreement. The Lessor and Lessee hereby agree that the determination of whether all or any portion of the Premises is available for the use and occupancy of the Lessee following an Abatement Event shall be made by the Department of Public Works of the County of Los Angeles or such other department or agency of the County of Los Angeles responsible for determining availability for occupancy of the Premises in a manner similar to that which is employed in determining whether similar public buildings are available for use and occupancy and evidenced by the issuance or continuing validity of a certificate of occupancy for the Premises, which determination shall be binding upon the parties hereto. In the event the County of Los Angeles or its departments and agencies are unable to make a determination of the availability of the Premises for use and occupancy within thirty (30) days after the filing of a request for such determination by the Lessor or the Lessee, any other public agency with building code enforcement capability with respect to the Premises may make such a determination, which determination shall be binding upon the parties hereto. The Lessor shall apply for all necessary permits and commence the repair and restoration of the Premises within 120 days of the Abatement Event; *provided, however*, that such period shall be extended if the Lessor is prevented from commencing the repair and restoration of the Premises as a result of a force majeure event as provided in Section 26(g). Commencement of the repair and restoration shall require (a) notification of the appropriate insurance company (or companies) and (b) the placing of the necessary work order(s) and/or contract(s) for obtaining the labor and materials to accomplish the repair and restoration. The Lessor will be responsible for securing the area to prevent injury to persons and/or vandalism to the Facilities; the actual costs for said activities shall be reimbursed to the Lessor from any insurance proceeds permitted to be so expended. If the Lessor should fail thereafter to pursue said repair and restoration work with reasonable diligence to completion, the Lessee may give the Lessor 30 days' prior written notice and thereafter perform or cause to be

performed the restoration work and deduct the cost thereof in excess of the insurance proceeds from the Renewal and Replacement Fund as a charge against the Lessor.

In the event the Lessor commences the repair and restoration, any proceeds of insurance deposited with the Lessee or the Trustee shall be paid out to the Lessor or its contractor in accordance with the progress of the repair and restoration. Any insurance proceeds in excess of the amount required to restore the Premises to a tenantable condition and available for use and occupancy by the Lessee shall be deposited into the Renewal and Replacement Fund and applied in accordance with the provisions governing such Renewal and Replacement Fund. In the event the Lessor refuses to commence the repair and restoration of the Premises and the Lessee elects not to undertake such repair and restoration of the Premises, then any proceeds of insurance deposited with the Trustee or the Lessee shall be applied to the prepayment of the outstanding Bonds; *provided, however*, that in the event the insurance proceeds received by the Lessor or the Trustee are attributable to damage or destruction of a portion of the Premises and the Base Rent payable under this Lease Agreement after such prepayment would not be sufficient to pay the remaining principal and interest represented by the Bonds, such insurance proceeds shall not be applied to the prepayment of the outstanding Bonds but shall instead be applied to the repair and restoration of the Premises. Any excess insurance proceeds shall be deposited in the Renewal and Replacement Fund after payment of all necessary expenses and the Lessor shall have no claim to any portion of such proceeds.

**Section 11. Lessee's Fixtures.** The Lessee and any sublessee may at any time and from time to time in its sole discretion, and at its sole expense, install or permit to be installed, additional items of equipment or other personal property in or upon the Office Building in addition to the Furniture, Fixtures and Equipment which are part of the Premises. All such property shall remain the sole personal property of the Lessee. The Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration of the Lease Term, or any extension or holdover period thereof, as the case may be, all such other personal property of the Lessee; *provided, however*, that any such removal shall not cause any damage to the Office Building or that the Lessee shall, at its own expense, repair any such damage caused thereby.

## **Section 12. Repair, Maintenance and Replacement.**

(a) The Lessor warrants that, to the best of the Lessor's knowledge, the entire Premises, including but not limited to the Office Building and the Parking Structure, shall be fully operational and free of defects for a period of one year from the Lease Commencement Date. If an item requires repair or replacement within the one-year warranty period, then the Lessor agrees to enforce such warranty for a period of one year from the time such item was installed in the Premises. The Lessor also agrees to keep in good repair, replace and maintain the Premises during the entire Lease Term and shall apply amounts on deposit in the Renewal and Replacement Fund for such repair, replacement and maintenance costs in accordance with the terms of this Lease Agreement. The Lessor agrees to obligate any general or subcontractor hired by the Lessor to warranties and guarantees of workmanship imposed by state law or state agency at the time of contracting. The Lessor shall use its best efforts to make the benefits of any warranty and guarantee of any contract or subcontract for the construction and installation of the Premises available to the Lessee. The Lessor shall assure that the

roof meets the specifications of a 20-year roof and that the installation is completed by a licensed roofing contractor. The Lessor shall obtain a written manufacturer's warranty for the roofing material as may be customary in the roofing industry for comparable materials and applications. The Lessor shall also obtain a written manufacturer's warranty for the heating, ventilation and air conditioning system as may be customary for comparable systems.

(b) In the event that any portion of the Premises shall require repair or replacement, the Lessee shall deliver written notice to the Lessor specifying in detail the required repair or replacement. Concurrently with the delivery of written notice to the Lessor, the Lessee shall deliver a copy of such written notice to the Trustee. In the event the Lessor should fail, neglect or refuse to seek and diligently pursue any permits required to commence the repair or replacement of any damaged or defective portion of the Premises within thirty (30) days after written notice has been delivered to the Lessor by the Lessee, the Lessee shall provide written notice to the Trustee of the Lessor's failure to seek and diligently pursue any permits required to commence such repair and replacement. Within ten (10) Business Days of the receipt of such written notice, the Trustee shall exercise its remedies provided in the documents pursuant to which the Bonds were issued and delivered to retain the services of a Management Company to undertake all of the ongoing services provided by the Lessor under this Lease Agreement with respect to the Premises. The Trustee shall provide the Lessor and the Lessee with the name of the Management Company on the Business Day following acceptance by the Management Company of its obligations under this Lease Agreement. Any Management Company retained pursuant to the terms hereof shall be subject to the reasonable approval of the Lessee.

In the event the Trustee is unable to retain the services of a Management Company as provided above, the Lessee shall either appoint a Management Company to assume the ongoing obligations of the Lessor hereunder or undertake such obligations itself. The Lessee shall provide the Trustee and the Lessor with the name of the Management Company or a written acknowledgement of its acceptance of the obligations to operate, maintain, repair and replace the Premises no later than ten (10) days following the expiration of the time period within which the Trustee is required to retain a Management Company as provided above.

Upon the appointment of a Management Company or the acceptance of the operation, maintenance, repair and replacement obligations hereunder by the Lessee, the Lessor shall not be entitled to any future Additional Rent payments for the operation, maintenance, repair and replacement of the Premises and shall not thereafter unreasonably withhold its consent to the Lessee's use of the Renewal and Replacement Fund for the purpose of such fund in accordance with this Lease Agreement. In the event the Lessee has assumed the obligation to operate, maintain, repair and replace the Premises, the Lessee shall have no obligation to pay the Additional Rent (other than the obligation to pay the amounts required to be deposited into the Renewal and Replacement Fund, but shall continue to be obligated to pay Base Rent hereunder. In the event a Management Company is retained pursuant to the terms hereof, such Management Company shall assume all of the Lessor's obligations to operate, maintain, repair and

replace the Premises, including the submission of statements of Estimated Operating Costs and Actual Operating Costs to the Lessee.

In the event that any damaged or defective portion of the Premises results in an emergency, upon the Lessor's failure, neglect or refusal to seek and diligently pursue any permits required to commence the repair or replacement of any such damaged or defective portion of the Premises within 24 hours after notice has been delivered by the Lessee, or fail, neglect or refuse to pursue said repair or replacement work with reasonable diligence to completion, the Lessee at its sole election may (i) deduct the reasonable cost of repairing or replacing such damaged or defective portion of the Premises from the installments of Additional Rent next due as a charge to the Lessor without taking any further action, or (ii) repair or replace such damaged or defective portion of the Premises and deduct the reasonable cost thereof from the installments of Additional Rent next due as a charge to the Lessor. In the event the Lessee elects to repair or replace such damaged or defective portion of the Premises, the Lessee shall provide the Lessor and the Trustee with a written statement and accompanying invoices detailing the cost of such repair or replacement.

The term "commence" means that the Lessor shall show satisfactory progress in procuring any required permits or entering into contracts in pursuance of doing the work. An "emergency" as used herein is defined as any life threatening situation or in the event the Premises are rendered unusable because of a utility disruption, including, without limitation, the HVAC system, water, electricity and sewer lines or more than one elevator in each of the Office Building is inoperable.

The Lessee shall defend, indemnify and hold the Lessor harmless from any and all liability which may be imposed upon the Lessor as a result of the Lessee's or the Management Company's failure to adequately maintain, repair and replace the Premises after the termination of the Lessor's obligations to maintain, repair and replace the Premises. The Lessee shall ensure that the maintenance, repair and replacement of the Premises after the termination of the Lessor's obligations with respect to the same is performed in accordance with the same standards established in this Lease Agreement, regardless of whether such maintenance, repair or replacement is performed by the Lessee or a Management Company.

(c) In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of this Section are protected by warranties or guarantees, the Lessor or the Lessor's successors in interest shall assign to the Lessee the benefit of such protection thereunder to the extent the Lessor is entitled to make such assignment by the terms and conditions of such warranties or guarantees.

(d) The Lessee agrees to return the Premises to Lessor in as good condition as when delivered, ordinary wear and tear, damage by earthquake, fire, terrorism, acts of war, civil unrest or the elements and other disaster or casualty excepted.

(e) Notwithstanding anything herein to the contrary, the Lessee may elect at any time (including prior to the Lease Commencement Date) to assume responsibility for

all aspects of the operation and maintenance of the Premises (the effective date of such assumption of responsibility being herein referred to as the "Transfer Date"). No later than sixty (60) days prior to the Transfer Date, the Lessee shall deliver to the Lessor and the Trustee written notice of its election to assume responsibility for the operation and maintenance of the Premises. On and after the Transfer Date, the amount of Additional Rent required to be paid by the Lessee under this Lease Agreement shall consist of the amount necessary for the Lessor to pay the Insurance Premiums (except to the extent the County elects to assume the Lessor's insurance obligations pursuant to Section 20(b)(vi) of this Lease Agreement, in which case the Lessee shall not be required to pay Additional Rent for any Insurance Premiums relating to any insurance obligation assumed by the Lessee) and a management oversight fee equal to one percent (1%) of the annual Base Rent due under this Lease Agreement.

### **Section 13. Assignment by Lessor.**

(a) The Lessor may assign, transfer, mortgage, hypothecate or encumber the Lessor's right, title and interest in and to this Lease Agreement or any portion thereof (including the right to receive Rental Payments but excluding its duties and obligations hereunder), and the Lessor may execute any and all instruments providing for the payment of Rental Payments directly to an assignee or transferee, but only if the conditions set forth in subsections (b), (d) and (g) below are met. Any document or agreement purporting to collaterally assign, transfer, mortgage, hypothecate or encumber the Lessor's right, title and interest in and to this Lease Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 13 shall be void.

(b) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibit the offer or sale of any security constituting a fractional interest in this Lease Agreement of any portion thereof, without the prior written consent of the Lessee.

(c) Violation by the Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease Agreement, upon which the Lessee may impose damages in an amount equal to the greater of (i) \$500,000 or (ii) 10% of the aggregate principal portion of all Base Rent payments payable by the Lessee during the entire Lease Term, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the Lessee may exercise or pursue any other right or remedy it may have under this Lease Agreement or applicable law.

(d) The Lessor shall give the Lessee notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to,

instruments providing for the payment of Rental Payments directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(e) The Lessor shall not furnish any information concerning the Lessee or the subject matter of this Lease Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the Office of the County Counsel) to any person or entity, except with the Lessee's prior written consent which consent shall not be unreasonably withheld. The Lessor shall indemnify, defend and hold the Lessee and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by the Lessor in violation of this Section 13.

(f) The provisions of this Section 13 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section 13 the Lessor is referred to, such reference shall be deemed to include the Lessor's successors or assigns, and all covenants and agreements by or on behalf of the Lessor herein shall bind and apply to the Lessor's successors and assigns whether so expressed or not.

(g) The Lessor may not assign, transfer, mortgage, hypothecate or encumber the Lessor's right, title and interest in and to this Lease Agreement or any portion thereof (including the right to receive Rental Payments but excluding its duties and obligations hereunder) without the written consent of the insurer of the Bonds.

**Section 14. Lessor's Access.** Upon the delivery of reasonable prior notice, the Lessee agrees to permit the Lessor or the Lessor's authorized agents free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs. In addition, Lessor or Lessor's agents shall have access to the Premises in the event of an emergency. An "emergency" as used herein is defined as any life threatening situation or in the event the Premises are rendered unusable because of a utility disruption, including, without limitation, the HVAC system, water, electricity and sewer lines or more than one elevator is inoperable.

#### **Section 15. Default.**

(a) ***Default by the Lessee.*** (A) If the Lessee shall fail (1) to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Lease Agreement; or (2) to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the Lessee; or (B) upon the happening of any of the events specified in subsection (b) of this Section, the Lessee shall be deemed to be in default hereunder and, it shall be lawful for the Lessor to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. The Lessee shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (A)(1) or (B) of the preceding sentence, unless the Lessee shall have failed, for a period of thirty (30) days or

such additional time as is reasonably required, to correct any such default after notice by the Lessor to the Lessee properly specifying wherein the Lessee has failed to perform any such covenant, condition or agreement. The Lessee shall in no event be in default in the observance or performance of any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed under (A)(1) above, unless the Lessee shall have received written notice from the Lessor of its failure to pay any such rental payment and failed, for a period of ten (10) days thereafter, to pay such rental payment. Upon any such default, the Lessor, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(i) To terminate this Lease Agreement in the manner hereinafter provided on account of default by the Lessee, notwithstanding any re-entry or re-letting of the Premises as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Premises and remove all persons in possession thereof and all personal property whatsoever situated upon the Premises and place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the Lessee, for the account of and at the expense of the Lessee. In the event of such termination, the Lessee agrees to surrender immediately possession of the Premises, without let or hindrance, and to pay the Lessor all damages recoverable at law that the Lessor may incur by reason of default by the Lessee, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Premises and removal and storage of such property by the Lessor or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Premises given pursuant to law nor any entry or re-entry by the Lessor nor any proceeding in unlawful detainer, or otherwise, brought by the Lessor for the purpose of affecting such re-entry or obtaining possession of the Premises nor the appointment of a receiver upon initiative of the Lessor to protect the Lessor's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the Lessee shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Lessor shall have given written notice to the Lessee of the election on the part of the Lessor to terminate this Lease Agreement. The Lessee covenants and agrees that no surrender of the Premises or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Lessor by such written notice.

(ii) Without terminating this Lease Agreement, (A) to collect each installment of rent as it becomes due and enforce any other terms or provisions hereof to be kept or performed by the Lessee, regardless of whether or not the Lessee has abandoned the Premises or (B) to exercise any and all rights of entry and re-entry upon the Premises. In the event the Lessor does not elect to terminate this Lease Agreement in the manner provided for in subparagraph (i) hereof, the Lessee shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the Lessee and, if the

property is not re-let, to pay the full amount of the rent to the end of the term of this Lease Agreement or, in the event that the Premises is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder, notwithstanding the fact that the Lessor may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Lessor or suit in unlawful detainer, or otherwise, brought by the Lessor for the purpose of effecting such re-entry or obtaining possession of the Premises. Should the Lessor elect to re-enter as herein provided, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee to re-let the Premises, or any part thereof, from time to time, either in the Lessor's name or otherwise, upon such terms and conditions and for such use and period as the Lessor may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Premises and to place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the Lessee, for the account of and at the expense of the Lessee, and the Lessee hereby indemnifies and agrees to save harmless the Lessor from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Premises and removal and storage of such property by the Lessor or its duly authorized agents in accordance with the provisions herein contained. The Lessee agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Lessor to re-let the Premises in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Lessor in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term (subject to the preceding sentence) for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the Lessee the right to terminate this Lease Agreement shall vest in the Lessor to be effected in the sole and exclusive manner provided for in subparagraph (i) hereof. The Lessee further waives the right to any rental obtained by the Lessor in excess of the rental herein specified and hereby conveys and releases such excess to the Lessor as compensation to the Lessor for its services in re-letting the Premises. The Lessee agrees to return the Premises to the Lessor in as good condition as when delivered, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster excepted; provided, however, this shall not relieve the Lessee of any damages and costs incurred by the Lessor to mitigate damages in the event of a default by the Lessee hereunder.

The Lessee hereby waives any and all claims for damages caused or which may be caused by the Lessor in re-entering and taking possession of the Premises as herein provided and all claims for damages that may result from the destruction of or injury to the Premises and all claims for damages to or loss of any property belonging to the Lessee, or any other person, that may be in or upon the Premises.

Notwithstanding anything herein to the contrary, future Base Rent payments due hereunder shall not be accelerated and become immediately due and payable upon a default by the Lessee hereunder. The Lessor shall be required to sue for each Base Rent payment as each such payment becomes due under this Lease Agreement.

(b) ***Bankruptcy of Lessee.*** If (i) the Lessee's interest in this Lease Agreement or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Lessor, as hereinafter provided for; or (ii) the Lessee or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the Lessee asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the Lessee's debts or obligations, or offers to the Lessee's creditors to effect a composition or extension of time to pay the Lessee's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the Lessee's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the Lessee, or if a receiver of the business or of the property or assets of the Lessee shall be appointed by any court, except a receiver appointed at the instance or request of the Lessor, or if the Lessee shall make a general assignment for the benefit of the Lessee's creditors; or if (iii) the Lessee shall abandon the Premises, then the Lessee shall be deemed to be in default hereunder.

(c) ***Remedies Not Exclusive.*** In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section 15, the Lessor and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Lessor and its assignee by this Lease Agreement or by law. The provisions of this Lease Agreement and the duties of the Lessee and of its board, officers or employees shall be enforceable by the Lessor or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Lessor and its assignee shall have the right to bring the following actions:

(i) ***Accounting.*** By action or suit in equity to require the Lessee and its board, officers and employees and its assigns to account as the trustee of an express trust.

(ii) ***Injunction.*** By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Lessor or its assignee.

(iii) ***Mandamus.*** By mandamus or other suit, action or proceeding at law or in equity to enforce the Lessor's or its assignee's rights against the Lessee (and its board, officers and employees) and to compel the Lessee to perform and carry out its duties and obligations under the law and its covenants and agreements with the Lessee as provided herein.

Each and all of the remedies given to the Lessor hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Lessor to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term “re-let” or “re-letting” as used in this Section 15 shall include, but not be limited to, re-letting by means of the operation by the Lessor of the Premises. If any statute or rule of law validly shall limit the remedies given to the Lessor hereunder, the Lessor nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Lessor shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the Lessee agrees to pay a reasonable amount as and for attorney’s fees incurred by the Lessor in attempting to enforce any of the remedies available to the Lessor hereunder.

(d) ***Default by the Lessor.*** The Lessor shall not be in default in the performance of any obligation required to be performed under this Lease Agreement unless the Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from the Lessee specifying in detail the Lessor’s failure to perform. Concurrently with the delivery of written notice to the Lessor, the Lessee shall delivery a copy of such written notice to the Trustee. The Lessor shall not be deemed to be in default under this Lease Agreement if (i) the Lessor performs and meets the obligation within the 30-day period after notice of default is given, or (ii) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but the Lessor reasonably commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.

In the event the Lessor shall default in the performance of any obligation required to be performed under this Lease Agreement, the Lessee shall provide written notice to the Lessor and the Trustee identifying the nature of such default. If the Lessor shall have failed to cure a default by the Lessor within thirty (30) days after the receipt of written notice of such default, the Lessee shall deliver notice of such failure to the Lessor and the Trustee. In the event that the Lessor’s default hereunder is the failure to maintain, repair or replace the Premises, the Lessor and the Lessee hereby agree that the rights and remedies of the parties hereunder with respect to such default shall be as provided in Section 12(b) hereof.

In the event that the Lessor’s default hereunder is other than its failure to maintain, repair or replace the Premises, the Lessor and the Lessee hereby agree that within ten (10) Business Days of the receipt of notice of the failure of the Lessor to cure such default, the Trustee shall have the right, but not the obligation, to cure such default under this Lease Agreement, and the Lessee shall accept such performance by the Trustee as if the same had been made by the Lessor, subject to all of the terms and conditions of this Lease Agreement. In the event the Trustee elects to cure such default, it shall give the Lessee written notice of its election to cure such default within such period and shall commence such cure and diligently proceed to cure the default. Any contractor retained by the Trustee to perform any obligation of the Lessor shall be subject to the reasonable approval of the Lessee.

If the Lessor shall have failed to cure or diligently pursue the cure of a default hereunder and the Trustee shall not have assumed the obligations of the Lessor hereunder, the Lessee may, at its election, undertake the cure of such default and deduct the cost of the same from the Renewal and Replacement Fund, which shall be replenished from subsequent payments of Additional Rent due under this Lease Agreement. The Lessee shall provide the Lessor and the Trustee with a written statement and accompanying invoices detailing the cost of curing such default.

The Lessor and the Lessee agree that there shall be no Abatement of the Base Rent due under this Lease Agreement as a result of a default by the Lessor in the performance of the maintenance, repair and replacement of the Premises and that any such Abatement or offset shall be limited solely to Additional Rent.

Except as otherwise provided in Section 4(c) and Section 10, the Lessee hereby waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights it may have to terminate this Lease Agreement as a result of an Abatement Event hereunder and this Lease Agreement shall continue in full force and effect.

#### **Section 16. Assignment; Subletting.**

(a) During the Original Lease Term, the Lessee shall, subject to the provisions of Section 7(h) of this Lease Agreement, have the right to assign this Lease Agreement or sublease the Premises to the State, any political subdivision of the State, any municipal corporation or any agency of the State with the prior written consent of the Lessor (which consent shall not be unreasonably withheld) and the approval of any insurer of the Bonds related to the financing of the Premises so long as the Premises is used in the same manner as provided in Section 7(a) hereof. In addition, so long as the Premises is used in the same manner as provided in Section 7(a) hereof, the Lessee may enter into long term leases (leases greater than thirty (30) days including all renewal options) with any private entity (including the federal government, not-for-profit corporations, etc.). Any such long-term lease shall be subject to the approval of the Lessor, which approval shall not be unreasonably withheld. Moreover, in the case of any such long-term lease (i) that exceeds, in space rented under such long-term lease, two percent (2%) of the Rentable Square Feet of Office Space and Parking Space or (ii) that, as of the effective date of such long-term lease, will cause the total space rented to all such private entities under long-term leases to exceed two percent (2%) of the Rentable Square Feet of Office Space and Parking Space, such long-term lease also shall be subject to receipt by the Lessor and the Lessee of a favorable opinion from a nationally recognized bond counsel mutually selected by the Lessor and the Lessee to the effect that such lease(s) will not adversely affect the exclusion of the interest paid on the Bonds for federal income tax purposes. Within fifteen (15) days of the receipt of such written request, the Lessor shall notify the Lessee of any additional information it will require prior to the delivery of its response required hereunder. The Lessee agrees to provide or cause to be provided any and all information requested by the Lessor with respect to any assignee of this Lease Agreement in connection with the Lessee's request to assign this Lease Agreement or any sublessee of the Premises in connection with the Lessee's request to sublease the Premises. Approval of any assignment or sublease shall be given or denied within thirty (30) days

of Lessor's receipt of such additional information (or thirty (30) days after receipt of the Lessee's written request if no additional information is requested by the Lessor). The failure of the Lessor to reject the Lessee's written request under this Section 16(a) within thirty (30) days of the receipt of such additional information (or thirty (30) days after receipt of the Lessee's written request if no additional information is requested by the Lessor) shall be conclusively deemed to be consent to such assignment or sublease. Any sublessee of the Lessee hereunder may not sublease the Premises to any other sublessee. All costs incurred by the Lessor and the Lessee in connection with any assignment of this Lease Agreement or the sublease of the Premises shall be paid by the Lessee prior to the effective date of such assignment or sublease, including, without limitation, costs, fees and expenses in obtaining an opinion of bond counsel which the Lessor deems reasonably necessary to assure that the interest with respect to the Bonds will not be includable in gross income of the owners thereof for federal income tax purposes. Notwithstanding anything herein to the contrary, in the event the Premises are subleased or this Lease Agreement is assigned as provided in this Section, the Lessee shall, unless otherwise agreed to in writing, remain solely responsible for all Rental Payments due hereunder and the Lessor shall have no obligation to accept any Rental Payments from any sublessee or assignee hereunder.

(b) At any time after the Original Lease Termination Date and the payment in full of the Bonds, the Lessee shall have the right to assign this Lease Agreement or sublease the Premises with the prior written consent of the Lessor (which consent shall not be unreasonably withheld) so long as the Premises is used in the same manner as provided in Section 7(a) hereof. Approval of any assignment or sublease shall be given or denied within thirty (30) days of Lessee's written request therefor. Within fifteen (15) days of the receipt of such written request, the Lessor shall notify the Lessee of any additional information it will require prior to the delivery of its response required hereunder. The Lessee agrees to provide or cause to be provided any and all information requested by the Lessor with respect to any assignee of this Lease Agreement in connection with the Lessee's request to assign this Lease Agreement or any sublessee of the Premises in connection with the Lessee's request to sublease the Premises. The failure of the Lessor to reject the Lessee's written request under this Section 16(b) within thirty (30) days of the receipt of such additional information (or thirty (30) days after receipt of the Lessee's written request if no additional information is requested by the Lessor) shall be conclusively deemed to be consent to such assignment or sublease. All costs incurred by the Lessor and the Lessee in connection with any assignment of this Lease Agreement or sublease of the Premises shall be paid by the Lessee on or prior to the effective date of such assignment or sublease. Notwithstanding anything herein to the contrary, in the event the Premises are subleased or this Lease Agreement is assigned as provided in this Section, the Lessee shall, unless otherwise agreed to in writing, remain solely responsible for all Rental Payments due hereunder and the Lessor shall have no obligation to accept any Rental Payments from any sublessee or assignee hereunder.

**Section 17. Alterations.** Neither the Lessor nor the Lessee shall make any structural, mechanical, electrical or plumbing alterations which may materially affect the Premises' primary systems without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any party seeking to make structural alterations to the Premises shall

furnish the other party with detailed plans and specifications relating to such structural alterations concurrently with such written request. The party from whom such consent is sought shall reject such request within thirty (30) days of the receipt of the request or such party's consent shall be deemed given hereunder. A structural alteration shall be any modification to the Premises which results in a change in the structural integrity of the Premises or alters the gross cubic area of the Facilities. Any alterations installed by the Lessee which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as the Lessee's fixtures in accordance with the provisions of this Lease Agreement.

**Section 18. Notices.** Notices desired or required to be given by this Lease Agreement or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

All such notices and the envelope containing the same shall be addressed to the Lessor as follows:

Vermont Village Human Services Corporation  
7901 South Vermont Avenue  
Los Angeles, California 90044  
Attention: Angela M. Evans

with copy to:

Alliance Property Group Inc.  
4340 Leimert Blvd., Suite 202  
Los Angeles, California 90008  
Attention: G. Michael Curls

or such other place as may hereinafter be designated in writing by the Lessor except that the Lessor shall at all times maintain a mailing address in the State.

All notices and the envelope containing the same shall be addressed to the Lessee as follows:

Board of Supervisors  
Kenneth Hahn Hall of Administration, Room 383  
500 West Temple Street  
Los Angeles, California 90012  
Attention: Executive Officer/Clerk of the Board

with a copy to:

Chief Administrative Officer  
Real Estate Division  
222 South Hill Street, Third Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

or such other place as may hereinafter be designated in writing by the Lessee.

Any notice given pursuant to the terms of this Lease Agreement shall be deemed received on the date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.

**Section 19. Condemnation.** If the Premises or any portion thereof is taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages, and shall be paid to the Trustee to the extent there are any Bonds outstanding, in an amount sufficient to retire such Bonds. The Lessee shall be entitled to that portion of the award, if any, attributable to the Lessee's personal property, excluding the Furniture, Fixtures and Equipment which comprise a portion of the Premises. So long as the Lessee is not directly or indirectly the condemning authority, or if the Lessee is directly or indirectly the condemning authority and the Premises will not be utilized for human occupation following the condemnation, the Lessee shall be entitled to the bonus value, if any, of its leasehold interest hereunder. Lessee's personal property shall include any Furniture, Fixtures and Equipment installed at the Lessee's specific request but only to the extent that the Lessee has reimbursed the Lessor for the same, separate and apart from the Rental Payments due hereunder. This Lease Agreement shall remain in full force and effect as to the portion of the Premises remaining except that the Lessee shall be entitled to a Proportionate Abatement. In the event of a partial taking of the Premises, the Lessor shall use the proceeds of the condemnation received by the Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the Premises as they existed prior to the taking.

The parties agree that the Lessor and the Lessee shall each receive independently its relocation assistance.

**Section 20. Insurance.**

(a) During the period of construction, installation and equipping of the Premises, the Lessor shall provide, or cause to be provided, the following forms and amounts of insurance. Such insurance shall be primary to and not contributing with any other insurance maintained by the Lessee, and shall name the Lessee and the Trustee as additional insureds, and shall include, but not be limited to:

(i) Builders Special Form Causes of Loss insurance, including earthquake insurance coverage, but excluding flood, terrorism and mold coverage,

covering the entire work, against loss or damage until completion and acceptance by the Lessee. Insurance shall be in an amount for the replacement value of the Premises, breach of warranty, explosion, collapse and underground hazards. Deductibles not exceeding \$20,000 will be allowed, other than earthquake coverage, with respect to which deductibles not exceeding 10% of the replacement cost of the Facilities will be allowed.

(ii) Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, and Contractual Liability, with a combined single limit of not less than \$5,000,000 per occurrence.

(iii) Comprehensive Auto Liability endorsed for all owned and non-owned vehicles with a combined single limit of at least \$1,000,000 per occurrence.

(iv) A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State and which specifically covers all persons providing services on behalf of Lessor and all risks to such persons under this Lease Agreement.

(b) During the term of this Lease Agreement, following the Lease Commencement Date, the following indemnification and insurance requirements shall be in effect.

(i) The Lessor agrees to indemnify, defend and hold harmless the Lessee and the Trustee, their agents, officers and employees from and against any and all liability, claims, loss, damages or expenses (including disbursements costs, and reasonable legal fees), arising by reason of bodily injury, death, personal injury, or property and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage arising from or resulting from the Lessor's use, or ownership, or maintenance of the Premises.

(ii) The Lessee agrees to indemnify, defend and hold harmless the Lessor, the Management Company and the Trustee, their agents, officers and employees from and against any and all liability, claims, loss, damages or expenses (including disbursements costs, and reasonable legal fees), arising by reason of bodily injury, death, personal injury, or property and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage arising from or resulting from the Lessee's activities on the Premises.

(iii) During the term of the Lessee's occupancy, the Lessor shall keep the Premises insured against loss or damage for such perils ordinarily covered under a Special Form Causes of Loss Coverage, including sprinkler leakage but excluding earthquake, flood, terrorism or mold coverage in an amount equal to the full replacement value of the Facilities. The replacement value of the Facilities

shall be reviewed by the Lessor at least every 36 months to assure sufficient coverage as required hereby. The Lessor shall use all reasonable efforts to obtain, to the extent commercially reasonable and available, from the insurer of the property coverage required under this subsection, an endorsement or guaranty from the insurer in a form and substance reasonably acceptable to the Lessee assuring that during the policy term, the coverage will be sufficient to pay the full cost of repair or replacement of the Facilities in the event of a loss insured by the policy. Deductibles not exceeding \$20,000 will be allowed.

(iv) The Lessor shall obtain loss of business income insurance coverage, including but not limited to Rental Payments and other expenses due in any 36 month period under this Lease Agreement.

(v) The Lessor shall obtain comprehensive general liability insurance with coverage of not less than \$5,000,000 combined single limit for third party liability bodily injury and property damage arising from the Lessee's activities in the Premises. The liability limit for combined single limit comprehensive general liability insurance shall be reviewed on the fifth anniversary of the Lease Commencement Date and every five years thereafter by the Lessor to determine a reasonable limit (which may be increased or decreased by the Lessor) based on the reasonable and customary amounts of general liability insurance coverage provided for operations similar in character to the Premises and on the amounts of coverage then generally accepted as providing the same degree of insurance protection as exists upon the Lease Commencement Date taking into account increased legal or practical risks, the sizes of judgment awards generally, and the costs of defending claims and actions; and

The Lessor shall name the Lessee and Trustee as additional insureds on each of the applicable policies of insurance noted above. The insurance policy or policies shall be placed only with established and reputable companies and the premiums therefore shall be reasonable and comparable with the premiums charged by comparable companies for comparable risk. The proceeds shall be payable to the Lessor, the Trustee and the Lessee as their interests may appear. The policy or policies shall not be cancelable without 30 days' prior written notice to the Lessee and Trustee. The Lessor shall provide written notice to the Lessee of the date of expiration of any policy maintained pursuant to this Lease Agreement, no earlier than one-hundred twenty (120) days and no later than ninety (90) days prior to such date of expiration, and shall provide notice to the Lessee of the alternate policy or policies to be obtained by the Lessor to ensure compliance with the provisions of this Lease Agreement.

(vi) In the event the Lessee assumes the Lessor's obligations hereunder to maintain and operate the Premises, the Lessee, at its sole option, may from time to time elect to self-insure any or all of the insurance coverage required by Section 20(b)(v). To so elect, the Lessee must give the Lessor 30 days' written notice of its intentions. Thereafter, such election shall be effective only if the Lessee provides the Lessor with certificates evidencing such specified coverage at

least 30 days prior to the effective date thereof. The Lessee shall thereafter be relieved of its obligation to maintain commercial insurance in force for such specified coverage beyond the effective date of the certificate delivered to the Lessor. By this procedure, the parties intend that there shall be no gap in time for the required coverage. In the event the Lessee elects to provide self-insurance for the insurance described in Section 20(b)(v), the Lessee at its sole cost and expense shall indemnify and defend the Lessor and the Trustee from all claims, damages or judgments payable to any third-party arising from the Lessee's use and occupancy of the Premises.

(vii) The maintenance of insurance by the Lessee required by Section 20(b)(v) following the assumption by the Lessee of the Lessor's obligations hereunder to maintain and operate the Premises is to protect the Lessor and the Trustee, as additional insureds, against any claim for damages or property damage which may arise from the Lessee's activity on said Premises. Notwithstanding the provisions of Section 20(b)(v), this insurance is not intended to protect the Lessor with respect to third-party liability or physical damage or loss attributable to the Lessor's ownership, maintenance, or use of the Premises. For such liability, damage or loss, the Lessor agrees to provide such insurance protection.

(viii) For any and all losses, damages, or liability insured under any policy of commercial insurance, the Lessor and the Lessee each hereby waive any and all rights of recovery, including subrogation rights, against the other or against the officers, employees, agents and representatives of the other on account of loss or damage occasioned by the waiving party, or to its property or the property of others under its control. Either party shall, upon obtaining any policy of commercial insurance referred to in this Lease Agreement, give notice to the insurer that the foregoing mutual waiver does not apply to liability, losses, or damages which are self-insured.

#### **Section 21. Intentionally Deleted.**

#### **Section 22. Option to Purchase the Premises.**

(a) The Lessor hereby grants to the Lessee an option to purchase the Premises during the term of this Lease Agreement as extended by the option periods contained herein, in whole but not in part, on the terms and conditions set forth in this Section. The Lessee may purchase the Premises only on the dates and at the prices contained in Exhibit I hereto; *provided, however*, that in no event shall the purchase price be less than the amount necessary to prepay the Bonds in whole upon such exercise and to pay all costs incurred by the Lessor and the Trustee as set forth in (g) below. The Lessee agrees to pay the difference, if any, between the purchase price set forth in Exhibit I and the amount required to prepay the Bonds and the costs incurred by the Lessor and the Trustee as forth in (g) below;

(b) The Lessee shall provide written notice to the Lessor and the Trustee of its intent to purchase the Premises no later than 270 days prior to the scheduled purchase date;

(c) Within 30 days prior to the scheduled purchase date or within thirty (30) days after the purchase price has been determined, whichever is later, the Lessee shall deposit or cause to be deposited with the Trustee or with an independent major escrow company mutually acceptable to the Lessor and the Lessee the purchase price of the Premises as set forth on Exhibit I hereto, together with the Rental Payments that will accrue hereunder to the purchase date and the costs incurred by the Lessor and the Trustee in connection with the purchase;

(d) Within fifteen (15) days of the receipt of the purchase price from the Lessee, the Lessor, the Lessee and the Trustee (to the extent the Bonds or refunding Bonds are still outstanding, and if not, with an independent major escrow company acceptable to the Lessor and the Lessee) shall cause to be established an escrow account with an escrow company acceptable to the Lessor and the Lessee to facilitate the purchase of the Premises by the Lessor. The Lessor shall deposit or cause to be deposited with the escrow company a recordable grant deed conveying title to the Premises to the Lessee effective on the purchase date and any other documents necessary to accomplish the purchase of the Premises;

(e) To the extent that any Bonds are to be prepaid concurrently with such purchase, the Lessee and the Lessor shall take, and the Lessor shall cause the Trustee to take, all actions necessary to accomplish such prepayment under the documents pursuant to which the Bonds were issued and delivered;

(f) Concurrently with the close of escrow, the Lessor shall provide or cause to be provided to the Lessee an ALTA owner's policy of title insurance, in form and from a title insurance company acceptable to the Lessee, insuring the record title of the Premises in an amount equal to the applicable purchase price, free and clear of all adverse claims and encumbrances, other than any covenants, conditions, reservations, easements, rights and rights of way of record as of the date of execution of this Lease Agreement; and

(g) The Lessee agrees and covenants to pay all reasonable and customary costs and charges incurred by the Lessor and the Trustee, including the cost of title insurance, any transfer or recordation fees, escrow fees, reasonable broker or sales commission and the costs and expenses of all employees, agents, consultants and attorneys retained by the Lessor and the Trustee, in connection with the Lessee's purchase of the Premises and the prepayment of the Bonds.

**Section 23. Binding on Successors.** Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the permitted successors in interest of the Lessor and the Lessee.

**Section 24. Parking Spaces.** The Lessor shall provide the Parking Structure for the purpose of providing the Lessee with exclusive use of 542 off-street parking spaces located at the

Site. Parking spaces shall conform to a parking plan, as approved by the Lessee and shall include no tandem parking spaces as long as that design is consistent with the Lessee's policy. The Lessor shall be entitled to control the Parking Structure by a system of keycard or other access by Lessee's employees and by validation of clients and invitees using the Parking Structure. The Lessor shall be entitled to impose parking charges upon members of the general public which use the Parking Structure and are not otherwise validated by the Lessee.

## **Section 25. Warranties and Representations.**

(a) ***Hazardous Substances.*** The Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises, Hazardous Substances have not been released on the Premises; that it has no knowledge of any release of Hazardous Substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are Hazardous Substances on the Premises; and that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances.

(b) ***Federal, State and Local Laws.*** The Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances on the Premises.

(c) ***Notice.*** The Lessor and the Lessee agree to immediately notify each other when either party learns that Hazardous Substances have been released on the Premises.

(d) ***Indemnity.***

(i) The Lessor agrees to indemnify, defend and save harmless Lessee, its agents, officers and employees from and against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises which presence or release has not been caused by the Lessee.

(ii) The Lessee agrees to indemnify, defend and save harmless Lessor, its agents, officers and employees from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises which presence or release has been caused by the Lessee.

(iii) The indemnity provided each party by this Section 25(d) shall survive the termination of this Lease Agreement.

(e) ***Default.*** The presence or release of Hazardous Substances on the Premises which is not caused by the Lessee and which, in the reasonable judgment of the Lessee, threatens the health and safety of the Lessee's agents, officers, employees or

invitees, shall entitle the Lessee to a Proportionate Abatement in the Rental Payments until such presence or release is remediated.

(f) ***Operating Costs.*** Costs incurred by the Lessor as a result of the presence or release of Hazardous Substances on the Premises which is not caused by the Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to the Lessee as part of its obligation, if any, to pay Operating Costs.

(g) ***Indoor Air Pollution Notification.*** Each party to this Lease Agreement represents and warrants that it will notify the other party if any indoor air quality or environmental problem is discovered or reported in the Office Building, and undertake to correct such problem at the sole cost and expense of the party responsible for causing the problem.

## **Section 26. General Provisions.**

(a) ***Waiver.*** The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition.

(b) ***Marginal Headings.*** The Section titles in this Lease Agreement are not a part thereof and shall have no effect upon the construction or interpretation of any part hereof.

(c) ***Time.*** Time is of the essence with regard to all provisions of this Lease Agreement in which performance is a factor.

(d) ***Recordation.*** Either party may record this Lease Agreement or a memorandum of this Lease Agreement at any time without the prior written consent of the other party; provided, however, that each party shall cooperate with the other in the execution and delivery of a memorandum of this Lease Agreement.

(e) ***Quiet Possession.*** Upon the Lessee paying the Rental Payments hereunder the Lessee shall have quiet possession of the Premises for the entire term hereof subject to all the provisions in this Lease Agreement. If any underlying lease agreement terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease Agreement shall nevertheless remain in full force and effect and the Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to the Lessor, attorn to and become the Lessee of the successor in interest to the Lessor.

(f) ***Prior Agreements.*** This Lease Agreement contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease Agreement and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their

respective successors-in-interest. This Lease Agreement shall not be effective or binding on any party until fully executed by both parties hereto.

(g) ***Force Majeure.*** In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of acts of God, strikes, boycotts, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, civil unrest, acts of terrorism, insurrection, war, declaration of a state or national emergency or other reasons of a like nature not the fault of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; *provided, however*, that no force majeure event shall excuse the Lessee from making Rental Payments hereunder when due.

(h) ***Severability.*** Any provision of this Lease Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

(i) ***Cumulative Remedies.*** No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

(j) ***Choice of Law.*** This Lease Agreement shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

(k) ***Warranties or Guarantees.*** In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Section 12(a) or by Lessee under the provisions of Section 12(b) herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

(l) ***Impairment of Title.*** The Lessor hereby covenants to notify the Lessee in writing within thirty (30) days of each and every occurrence which may impair the Lessor's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, and notification of any foreclosure. The Lessor further agrees to notify the Lessee, in writing, within thirty (30) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the Premises.

(m) ***Mediation.*** Before filing any litigation or making any administrative claim, the parties agree to engage in nonbinding mediation for a minimum of thirty (30) days. The mediator shall be selected by mutual agreement or, if no agreement can be reached, by the Presiding Judge, Los Angeles Superior Court, upon petition by either party. The mediation shall be conducted at the discretion of the mediator or pursuant to rules adopted by the parties. The mediation shall be conducted in Los Angeles, California. The cost of mediation shall be borne equally by Lessor and Lessee, and each shall pay one-half of any estimated fees required by the mediator in advance. Before the

date of mediation, each side shall provide the mediator and the other party with a statement of its position and copies of all supporting documents. If a subsequent dispute will involve third parties, such as insurers or subcontractors, they shall also be asked to participate in the mediation. No one who has ever had any business, financial, family or social relationship with any party to this Lease shall serve as mediator unless the related party informs the other party of the relationship and the other party consents in writing to the use of that mediator.

(n) **Construction.** Any and all construction pertaining to this Lease Agreement by the Lessor or his designated contractors or subcontractors shall comply with all applicable County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

(o) **Non-Discrimination.** (i) The Lessor certifies and agrees that all persons employed thereby, are and shall be treated equally without regard to or because of race, religion, ancestry, national origin or sex, and in compliance with all federal and state laws prohibiting discrimination in employment, including, but not limited to, the Federal Civil Rights Act of 1964; the Unruh Civil Rights Act; the Cartwright Act; and the State Fair Employment Practices Act. The Lessor also certifies and agrees to include a non-discrimination provision in any agreement with a Contractor or Subcontractors, and will require the Contractor to also provide a non-discrimination provision in any agreement with its Subcontractors, (ii) the Lessor certifies and agrees that subcontractors, bidders and vendors thereof are and shall be selected without regard to or because of race, religion, ancestry, national origin or sex, (iii) all employment records shall be open for inspection and reinspection at any reasonable time during the term of this agreement for the purpose of verifying the practice of non-discrimination by Lessor in the areas heretofore described, and (iv) the sum of \$200.00 is hereby agreed upon as the amount of damages that will be sustained by the Lessee for each breach of the promises on non-discrimination herein contained. Said amount has been set by the parties hereto in recognition of the difficulty in fixing actual damages arising from a breach thereof and not as a penalty.

(p) **Community Business Enterprise.** The Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and other services.

The Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit D, at the time of signing this Lease Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Lease Agreement.

(q) ***Lobbyists.*** The Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by the Lessor, shall fully comply with the County Lobbyist ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of the Lessor or any County lobbyist or County lobbying firm retained by the Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease Agreement upon which the Lessee may immediately terminate or suspend this Lease Agreement.

(r) ***Consideration of GAIN Program Participants.*** Should the Lessor require additional or replacement personnel after the effective date of this Lease Agreement, the Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet the Lessor's minimum qualifications for the open position. The Lessee will refer GAIN participants by job category to the Lessor.

(s) ***Solicitation of Consideration.*** It is improper for any of the Lessee's officers, employees or agents to solicit consideration, in any form, from the Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of this Lease Agreement or that the Lessor's failure to provide such consideration may negatively affect the Lessee's consideration of the Lessor's submission. The Lessor shall not offer or give, either directly or through an intermediary, consideration, in any form, to any officer, employee or agent of the Lessee for the purpose of securing favorable treatment with respect to the award of this Lease Agreement.

The Lessor shall immediately report any attempt by an officer, employee or agent of Lessee to solicit such improper consideration. The report shall be made either to the Lessee manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

**Section 27. Bonds.** The Lessor, at its own cost and expense, shall furnish or cause its contractor to furnish Lessee two separate bonds as follows:

(a) Before commencing construction of the Base Improvements and the Tenant Improvements, the Lessor shall furnish or cause to be furnished to Chief Administrative Officer one or more performance bonds issued by a surety company licensed to transact business in the State of California, rated A-VIII or higher by A.M. Best Company (or the future equivalent thereof). Said bond shall be in an amount equal to 100% of the Lessor's estimated construction cost for the Base Improvements (as defined in the Work Letter attached hereto) and the Tenant Improvements (as defined in the Work Letter) as contemplated by the construction documents pertaining thereto, but in no event less than the actual qualified construction bids received with respect thereto. Said bond and surety company must be satisfactory to the Lessee and shall name the Lessor as principal. It shall assure full and satisfactory performance by the Lessor of the obligation contained herein to construct or install the Base Improvements and Tenant Improvements, as contemplated by the Base Improvements Construction Drawings and the Tenant Improvement Construction Drawings (as defined in the Work Letter). In

addition, said bond shall be so conditioned as to assure the faithful performance by the Lessor of all required work under this Lease Agreement. This bond shall remain in full force and effect until one year after the date of acceptance of the Premises by the Lessee.

(b) Before commencing construction, the Lessor shall furnish an additional surety bond issued by a surety company licensed to transact business in the State of California; rated A-VIII or higher by A.M. Best Company (or the future equivalent thereof). Said bond and said company to be in all respects satisfactory to the Lessee with the Lessor as principal. Said bond shall be in an amount not less than 100% of the Lessor's estimated cost of the construction of the Base Improvements and the Tenant Improvements, but in no event less than the actual qualified construction bids received. Said bond shall guarantee payment for all materials, provisions, supplies and equipment used in, upon, and/or about the performance of such construction or installation work or for labor done thereon of any kind whatsoever. Said bond shall, in addition, protect the Lessee from any and all liability, loss or damage for failure to make such payment.

(c) In the event the Lessor does not serve as general contractor, but elects to have the Base Improvements and Tenant Improvements constructed by one or more general contractors, the Lessor shall require each such general contractor to furnish bonds satisfying the requirements of paragraphs (a) and (b) above. Said bonds shall name the Lessee as additional obligee and shall be submitted to and approved by Chief Administrative Officer prior to commencement of construction. Compliance with this provision shall relieve the Lessor of providing bonds pursuant to paragraphs (a) and (b) above to the extent the bonds would be duplicated by the bonds furnished by the general contractor.

**Section 28. Encumbrance by Lessor.** The Lessor agrees not to subject the Premises to any deed of trust or mortgage, unless such deed of trust or mortgage shall meet each and every one of the following conditions: (a) that the beneficiary or beneficiaries of such encumbrance is the Lessor or the Lessor's assignee or are one or more banks, insurance companies, savings and loan associations, real estate investment trusts or other such recognized, regulated institutional lenders; (b) the aggregate amount of indebtedness, the repayment of which is secured by such encumbrance(s) does not exceed the fair market value of the Premises, as determined by the lenders providing such financing or refinancing, (c) that the repayment of such indebtedness is amortized over a term not to exceed the remaining Lease Term and is repayable on an annual, semiannual, quarterly, or monthly basis, and (d) that each such beneficiary or beneficiaries agree in writing delivered to the Lessee to recognize all of the Lessee's right, title and interest in and to this Lease Agreement so long as the Lessee performs and complies with each and all of the terms and conditions of this Lease Agreement.

The Lessor agrees to notify Lessee in writing of each such encumbrance and to assure compliance with the conditions specified above.

**Section 29. Subordination and Attornment.** This Lease Agreement shall be subordinated and made subject to deeds of trust or mortgages encumbering the Premises recorded prior to or subsequent to the execution of this Lease Agreement when such deeds of trust or mortgages are recorded to secure repayments by the Lessor of the loan or loans from the

Issuer evidenced by the Bonds (including refunding bonds) to finance (or refinance) the Premises; provided that, such loan documents shall by their terms require the amortization of the principal sum of the loan from amounts paid as Base Rent hereunder. In addition to the provisions of this Section, the Lessee agrees to execute and deliver a form of subordination agreement reasonably necessary to satisfy the Lessor's construction and permanent lenders; provided, however, that any such lender shall agree not to disturb the leasehold interest of the Lessee so long as the Lessee is not in default hereunder. The Chief Administrative Officer is authorized to execute such form on behalf of the Lessee. For purposes of this Section, deeds of trust or mortgages securing separate construction of the improvements required by Section 28 shall be considered to be one deed of trust or mortgage. Any permanent loan which subjects the Premises to any deed of trust or mortgage shall comply with the provisions of Section 28.

So long as the Trustee or other lender shall be bound by the terms of this Lease Agreement, the Lessee shall attorn to Trustee or other lender when the Trustee or other lender is in possession of the Premises, whether such possession is pursuant to the Trustee's rights under the documents pursuant to which the Bonds were issued and delivered, a deed of trust or otherwise and shall continue possession of the Premises under the same terms and conditions of this Lease Agreement.

**Section 30. Estoppel Certificate.** Either party shall at any time upon not less than 30 days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (a) certifying that this Lease Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (i) that this Lease Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (ii) that there are no uncured defaults in either party's performance, and (iii) that not more than one month's Base Rent has been paid in advance.

**Section 31. Miscellaneous Provisions.** The Lessee hereby covenants and agrees to enter into an agreement or contract in form and substance reasonably satisfactory to the Lessor to provide certain financial and operating data with respect to the Lessee on an annual basis and notices of certain material events. On or prior to the issuance and delivery of the Bonds, the Lessee shall furnish the Lessor, the Trustee and the underwriter of the Bonds with an opinion of its counsel relating to the Lessee, this Lease Agreement and such other matters as the parties to whom such opinion is addressed deem reasonably necessary. The Lessee hereby further covenants and agrees to furnish the Lessor with such certificates and letters as the Lessor deems reasonably necessary in connection with this Lease Agreement and the Bonds.

IN WITNESS WHEREOF, the Lessor has executed this Lease Agreement or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Lease Agreement to be executed on its behalf and attested by the Clerk thereof the day, month, and year first above written.

**LESSOR:**

**VERMONT VILLAGE HUMAN SERVICES  
CORPORATION**

By \_\_\_\_\_  
Angela Evans, President

**LESSEE:**

**COUNTY OF LOS ANGELES**

Attest:

Executive Officer-Clerk  
of the Board of Supervisors

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
\_\_\_\_\_, Deputy Administrative Officer

APPROVED AS TO FORM:

Lloyd W. Pellman

By \_\_\_\_\_  
Deputy County Counsel

## EXHIBIT A

### DEFINITIONS

*“Abated Percentage of the Premises”* means (a) with respect to the Office Building, a percentage equal to the fraction of which the numerator is the Rentable Square Feet of Office Space that the Lessee does not have use and occupancy of immediately after the Abatement Event and the denominator is equal to the Rentable Square Feet of Office Space immediately prior to the Abatement Event, and (b) with respect to the Parking Structure, a percentage equal to the fraction of which the numerator is the number of parking spaces that the Lessee does not have use and occupancy of immediately after the Abatement Event and the denominator is equal to the total number of parking spaces available to the Lessee immediately prior to the Abatement Event.

*“Abatement Event”* means the destruction of, or material damage to, all or any portion of the Premises by fire, earthquake, riot, storm, war, or by any other casualty beyond the control of the Lessor or the Lessee so that the Premises becomes wholly or partly unusable.

*“Actual Operating Costs”* means the actual costs paid or incurred by the Lessor in connection with operating, repairing, maintaining and replacing the Premises during each Lease Year, including the costs of the services and obligations imposed on the Lessor in Section 5(c) of this Lease Agreement.

*“Additional Rent”* means the amounts payable by the Lessee under this Lease Agreement representing Operating Costs, Expense Pass-throughs and the contributions to the Renewal and Replacement Fund as set forth in Section 5(b) of this Lease Agreement.

*“Base Improvements”* has the meaning ascribed to it in the Work Letter.

*“Base Improvements Account”* means that certain Base Improvements Account within the Project Fund established and held in trust under the Indenture.

*“Base Improvements Costs”* means any and all direct and indirect costs reasonably expected to be paid in connection with the construction of the Base Improvements, including but not limited to, acquisition costs of the Site, engineering and architectural costs and other budgeted costs and fees associated thereto and with carrying out the same.

*“Base Rent”* means the amounts payable by the Lessee under this Lease Agreement in consideration for the use and occupancy of the Premises as set forth in Exhibit E to this Lease Agreement.

*“Base Year”* means the period commencing on the Lease Commencement Date and ending on the next succeeding June 30.

*“Bonds”* means any bonds, notes or other evidence of indebtedness to be issued by the issuer thereof and delivered by the Trustee pursuant to such legal documents (as may be required by nationally recognized bond counsel) by and among the Lessor, the Trustee and the Issuer in

connection with the financing of the acquisition, construction, installation and equipping of the Premises, including any refunding Bonds issued and delivered to prepay the Bonds.

“*Business Day*” means a day which is not a Saturday or Sunday or a day on which banking institutions located in New York, New York, or Los Angeles, California are authorized or required by executive or other governmental order or law to be closed for commercial banking purposes.

“*Certificate of Acceptance*” means the written notification of the Lessee to the Lessor and the Trustee evidencing the Lessee’s acceptance and occupancy of the Premises.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*County*” means the County of Los Angeles, California, a political subdivision of the State of California organized and existing under and pursuant to the Constitution and laws of the State.

“*Estimated Operating Costs*” means the estimated costs reasonably expected to be paid or incurred by the Lessor during each Lease Year in connection with operating, repairing, maintaining and replacing the Premises, including the costs for the services and obligations imposed on the Lessor in Section 5(c) of this Lease Agreement.

“*Expense Pass-throughs*” means those costs and expenses payable by the Lessee under this Lease Agreement as Additional Rent as provided in Section 5(d) of this Lease Agreement.

“*Facilities*” means collectively, the Office Building and the Parking Structure.

“*Furniture, Fixtures and Equipment*” means desks, tables, chairs and modular office equipment to be provided by the Lessor hereunder, the make and style of which shall be approved by the Lessee; *provided, however*, that the aggregate cost of such Furniture, Fixtures and Equipment and the cost of the Tenant Improvements shall not exceed \$70 per Rentable Square Foot of Office Space.

“*Hazardous Substances*” shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316, as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

“*Indenture*” means the Indenture of Trust to be entered into by and between the Issuer and the Trustee.

“*Insurance Premiums*” means the premiums to be paid by the Lessor to procure and maintain the various insurance policies required pursuant to Section 20 hereof.

“*Insurance Account*” means that certain Insurance Account within the Operating and Maintenance Fund established and held in trust pursuant to Section 4.06(c) of the Indenture.

*“Issuer”* means the California Infrastructure and Economic Development Bank, or any other legal entity authorized to issue and deliver the Bonds.

*“Janitorial Services”* means those cleaning and maintenance requirements specified in Exhibit H of this Lease Agreement.

*“Lease Commencement Date”* means the date on which the Lessee delivers a Certificate of Acceptance to the Trustee and the Lessor and as evidenced and memorialized in the Memorandum of Lease Commencement and Termination Dates in the form attached hereto as Exhibit G.

*“Lease Term”* means the Original Lease Term and any Renewal Lease Term.

*“Lease Termination Date”* means the earliest of (a) the later of (i) the Original Lease Termination Date if the Lessee has not exercised its Renewal Lease Term Option set forth in Section 4(b) and (ii) the expiration of any Renewal Lease Term if the Lessee has not exercised any subsequent Renewal Lease Term Option; (b) the date on which the Lessee has prepaid all unpaid Base Rent payments due under this Lease Agreement; (c) the date on which this Lease Agreement is cancelled or terminated pursuant to the provisions of Section 4(c) or Section 8 of this Lease Agreement; or (d) the date on which the Lessor purchases the Premises pursuant to Section 22 of this Lease Agreement.

*“Lease Year”* means the 12-month period set forth in the Memorandum of Lease Commencement and Termination Dates.

*“Management Company”* means a third-party with experience in the management of Class A office buildings retained by the Lessor to manage the Premises.

*“Office Area”* means the area within the Office Building where the Lessee normally houses personnel and/or furniture.

*“Office Building”* means one or more free standing building(s) with an aggregate of 88,546 Rentable Square Feet of Office Space to be constructed on the Site.

*“Operating Costs”* means, without limitation, all reasonable and necessary costs of any kind paid or incurred by the Lessor in the operation, repair and maintenance (in a neat, clean, safe, good order and condition) but not replacement of the Premises, including specifically those costs identified in Section 5(c) of this Lease Agreement; subject however to the limitations set forth in Section 5(c) hereof.

*“Original Lease Term”* means, unless this Lease Agreement is otherwise earlier terminated as provided herein, the period of time commencing on the Lease Commencement Date and terminating on the Original Lease Termination Date.

*“Original Lease Termination Date”* means the thirtieth anniversary of the Lease Commencement Date as set forth in the Memorandum of Lease Commencement and Termination Dates.

*“Parking Structure”* means the parking structure and adjacent surface parking lot, containing in the aggregate 542 parking stalls to be located on the Site, in compliance with all applicable codes, ordinances and requirements of any governmental authority with jurisdiction over the Premises (including handicapped parking stalls as required by code).

*“Premises”* means the Site, the Office Building, the Parking Structure and the Furniture, Fixtures and Equipment.

*“Premises Rental Multiplier”* means the Base Rent (excluding the portion of the Base Rent attributable to the Furniture, Fixtures and Equipment as provided in Exhibit E) allocable to each Rentable Square Foot of Office Space and each parking space of the Parking Structure as determined by the Lessor annually and reported to the Lessee.

*“Property Taxes”* shall have the meaning ascribed to such term in Section 5(c)(v)(F) hereof.

*“Proportionate Abatement”* means a pro-rata reduction in the amount of Base Rent due under this Lease Agreement as a result of the loss of use of a portion of the Premises determined by multiplying the Abated Percentage of the Premises by the Premises Rental Multiplier.

*“Renewal and Replacement Fund”* means that certain Renewal and Replacement Fund to be created under the Indenture pursuant to Section 6(b) of this Lease Agreement.

*“Renewal Lease Term”* shall have the meaning set forth in Section 4(b) of this Lease Agreement.

*“Rental Payments”* means collectively Base Rent and Additional Rent.

*“Rentable Square Feet of Office Space”* means the aggregate amount of square feet comprising the Office Area, as calculated in accordance with the method of Measuring Floor Rentable Area as set forth in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Managers Association.

*“Security Services”* means the provision of an unarmed patrol and surveillance of the Premises (but excluding all interior portions of the Office Building) by a single, trained security officer seven days a week and 24 hours per day.

*“Site”* means the real property identified on Exhibit B hereto.

*“Substantial Completion”* means such time as construction by the Lessor or designated portion thereof is sufficiently complete in accordance with the final Construction Documents so that Lessee can occupy or use the Premises of its intended purpose. Minor corrective or deficient minor items shall not be deemed a cause for asserting that the Premises have not achieved Substantial Completion, provided, however, that the conditions requiring such corrective, deficient or incomplete work are not such as would render any portion of the Premises unsuitable for occupancy or use by the Lessee.

*“Tenant Improvements”* has the meaning ascribed to it in the Work Letter.

*“Trustee”* means a state banking corporation or a national banking association and any successor thereto named under the Indenture pursuant to which the Bonds are issued and delivered.

*“Utility Costs”* means water, gas, electricity, sewer and any other publicly mandated services to the Premises.

*“Work Letter”* means the agreement between the Lessor and Lessee regarding design and construction of the Facilities, attached as Exhibit J hereto and made a part hereof.

## **EXHIBIT B**

### **LEGAL DESCRIPTION OF SITE**

All that certain property located in the County of Los Angeles, State of California with a current address of 1819-1821 West 120th Street, Los Angeles, described as follows:

THAT PORTION OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT ACQUIRED BY THE STATE OF CALIFORNIA BY DEEDS (1) (STATE PARCEL 50523) RECORDED JUNE 5, 1973 IN BOOK D5895, PAGE 891, (2) (STATE PARCEL 62381) RECORDED AUGUST 14, 1972 IN BOOK 5565, PAGE 547, (3) (STATE PARCEL 62382) RECORDED NOVEMBER 24, 1972 IN BOOK 5676, PAGE 918, (4) (STATE PARCEL 62383) RECORDED MARCH 7, 1973 IN BOOK D5785, PAGE 71, (5) (STATE PARCEL 62384) RECORDED JUNE 5, 1972 IN BOOK D5482, PAGE 508, (6) (STATE PARCEL 62388) RECORDED SEPTEMBER 18, 1973 IN BOOK D6021, PAGE 163, (7) (STATE PARCEL 62389) RECORDED OCTOBER 11, 1973 IN BOOK D6047, PAGE 128, (8) (STATE PARCEL 67111), RECORDED NOVEMBER 8, 1972 IN BOOK D5659, PAGE 131, (9) (STATE PARCEL 67112), RECORDED MAY 15, 1972 IN BOOK D5460, PAGE 138, DEED (10) (STATE PARCEL 67113) RECORDED JULY 28, 1972 IN BOOK D5547, PAGE 157, ALL OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID SIXTH ACQUIRED LAND (STATE PARCEL 62388), THENCE ALONG THE SOUTHERLY LINE OF SAID ACQUIRED LAND NORTH 89° 58' 54" WEST, 363.00 FEET TO THE SOUTHWESTERLY CORNER OF SAID ACQUIRED LAND, SAID CORNER ALSO BEING A POINT IN THE EASTERLY LINE OF SAID FIFTH ACQUIRED LAND (STATE PARCEL 62384), DISTANT THEREON NORTH 00° 08' 42" EAST, 150.00 FEET FROM THE SOUTHEASTERLY CORNER OF LAST SAID ACQUIRED LAND, THENCE ALONG SAID EASTERLY LINE SOUTH 00° 08' 42" WEST, 150.00 FEET TO LAST SAID SOUTHEASTERLY CORNER, THENCE ALONG SOUTHERLY LINES OF SAID FIFTH THROUGH SECOND AND TENTH THROUGH EIGHTH ACQUIRED LANDS (STATE PARCELS 62384 THROUGH 62381 AND 67113 THROUGH 67111), NORTH 89° 58' 54" WEST, 609.76 FEET TO THE MOST WESTERLY CORNER OF SAID EIGHTH ACQUIRED LAND (STATE PARCEL 67111), THENCE ALONG THE NORTHWESTERLY LINE OF LAST SAID ACQUIRED LAND NORTH 63° 34' 45" EAST, 186.92 FEET, THENCE NORTH 74° 12' 09" EAST, 114.69 FEET, THENCE NORTH 68° 27' 18" EAST, 470.63 FEET, THENCE NORTH 75° 58' 41" EAST, 214.51 FEET TO A LINE PARALLEL WITH AND DISTANT 50.00 FEET WESTERLY MEASURED AT RIGHT ANGLES FROM THE EASTERLY LINE OF FIRST SAID ACQUIRED LAND (STATE PARCEL 50523), THENCE SOUTH 89° 51' 18" EAST, 50.00 FEET TO THE EASTERLY LINE OF SAID FIRST ACQUIRED LAND (STATE PARCEL 50523), THENCE ALONG THE EASTERLY LINES OF SAID FIRST, SIXTH AND SEVENTH ACQUIRED LANDS (STATE PARCEL 50523, 62388 AND 62389), SOUTH 00° 08' 42" WEST, 189.38 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE EASTERLY 50.00 FEET OF THE HEREINABOVE DESCRIBED PARCEL OF LAND.

EXCEPT THEREFROM, ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE HEREIN CONVEYED PARCEL OF LAND, AND THE RIGHTS THERETO, TOGETHER WITH CERTAIN OTHER CONDITIONS, AS EXCEPTED IN SAID DEEDS (STATE PARCELS 50523, 62381 THROUGH 62384, 62388, 62389, AND 67111 THROUGH 67113).

PARCEL 1:

THE WESTERLY 80 FEET OF THE EASTERLY 283 FEET (MEASURED FROM THE CENTERLINE OF WESTERN AVENUE) OF THE SOUTHERLY 150 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 14 WEST.

EXCEPT THEREFROM THAT PORTION WHICH LIES SOUTHERLY OF A LINE PARALLEL WITH AND 40 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A POINT IN A LINE PARALLEL WITH AND 40 FEET NORTHERLY MEASURED AT RIGHT ANGLES, FROM THE NORTHERLY LINE OF LOT 1, BLOCK 88, TOWNSITE OF HOWARD (FORMERLY TOWNSITE OF ROSECRANS) AS SHOWN ON MAP RECORDED IN BOOK 22 PAGES 59 THROUGH 62 INCLUSIVE OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES, DISTANT SOUTH 89° 55' 55" EAST THEREON 133.14 FEET FROM THE EASTERLY LINE OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION, SAID POINT BEING THE BEGINNING OF A CURVE CONCAVE SOUTHERLY, TANGENT TO SAID PARALLEL LINE AND HAVING A RADIUS OF 1000 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17° 58' 10" A DISTANCE OF 313.63 FEET TO A POINT HEREBY DESIGNATED "POINT A", SAID "POINT A" BEING THE TRUE POINT OF BEGINNING; THENCE SOUTH 72° 05' 55" WEST 200.00 FEET.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS, AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND, BUT WITH NO RIGHT OF SURFACE ENTRY AS PROVIDED IN DEEDS OF RECORD.

PARCEL 2:

THE NORTHERLY 60 FEET OF THE SOUTHERLY 150 FEET OF THE EASTERLY 203 FEET (MEASURED FROM THE CENTERLINE OF WESTERN AVENUE) OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE APRIL 22, 1868.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS, AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND, BUT WITH NO RIGHT OF SURFACE ENTRY AS PROVIDED IN DEEDS OF RECORD.

ALSO EXCEPT THAT PORTION OF THE NORTHERLY 60 FEET OF THE SOUTHERLY 150 FEET OF THE WESTERLY 153 FEET OF THE EASTERLY 203 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF ABOVE MENTIONED SECTION 11, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

COMMENCING AT ABOVE DESIGNATED "POINT A"; THENCE SOUTH 72° 05' 55" WEST TO THE WESTERLY LINE OF THE EASTERLY 203 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE NORTH 0° 10' 15" EAST ALONG SAID WESTERLY LINE TO THE INTERSECTION OF SAID WESTERLY LINE WITH THE NORTHERLY LINE OF THE SOUTHERLY 90 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION, SAID INTERSECTION BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 0° 10' 15" EAST ALONG SAID WESTERLY LINE 11.42 FEET TO A LINE PARALLEL WITH AND 40 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM ABOVE DESCRIBED COURSE HAVING A BEARING OF SOUTH 72° 05' 55" WEST; THENCE NORTH 72° 05' 55" EAST ALONG SAID LAST MENTIONED PARALLEL LINE 16.11 FEET TO THE BEGINNING OF A CURVE CONCENTRIC WITH AND 40 FEET NORTHERLY MEASURED RADially, FROM ABOVE DESCRIBED 1000 FOOT RADIUS CURVE; THENCE EASTERLY ALONG SAID CONCENTRIC CURVE 122.11 FEET TO A POINT DISTANT WESTERLY THEREON 20.00 FEET FROM THE WESTERLY LINE OF THE EASTERLY 50 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE NORTH 39° 46' 32" EAST ALONG A STRAIGHT LINE WHICH PASSES THROUGH A POINT IN SAID LAST MENTIONED WESTERLY LINE DISTANT NORTH 0° 10' 15" EAST THEREON 20.00 FEET FROM SAID CONCENTRIC CURVE A DISTANCE OF 16.79 FEET TO THE NORTHERLY LINE OF THE SOUTHERLY 150 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE SOUTH 89° 57' 50" EAST ALONG SAID LAST MENTIONED NORTHERLY LINE 8.95 FEET TO SAID LAST MENTIONED WESTERLY LINE; THENCE SOUTH 0° 10' 15" WEST ALONG SAID LAST MENTIONED WESTERLY LINE 60.00 FEET TO THE NORTHERLY LINE OF THE SOUTHERLY 90.00 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE NORTH 89° 57' 50" WEST ALONG SAID LAST MENTIONED NORTHERLY LINE 153.00 FEET TO SAID TRUE POINT OF BEGINNING.

PARCEL 3:

THE WESTERLY 80 FEET OF THE EASTERLY 363 FEET (MEASURED FROM THE CENTERLINE OF WESTERN AVENUE) OF THE SOUTHERLY 150 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER SAID LAND.

## **EXHIBIT C**

### **RULES AND REGULATIONS**

**The following rules and regulations shall apply to the Premises and the appurtenances thereto:**

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by the Lessee or used by the Lessee for purposes other than ingress and egress to and from the Premises and for going from one to another part of the Premises.

2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweeping, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by the Lessee or its agents, employees or invitees, shall be paid by the Lessee.

3. No signs, advertisements or notices shall be painted or affixed to the Premises or to any window or door or other part of the Premises without the prior written consent of Lessor. No nails, hooks, or screws shall be driven or inserted in any part of the Premises except by the Lessor's maintenance personnel. No curtains or other window treatments shall be placed between the glass and the Office Building standard window treatments.

4. Lessor shall provide all door locks in the Premises, at the cost of the Lessee, and the Lessee shall not place any additional door locks in the Premises without Lessor's prior written consent. Lessor shall furnish to the Lessee a reasonable number of keys to the Premises, at the Lessee's cost, and the Lessee shall make a duplicate thereof.

5. No animals are permitted in the Office Building except for "seeing eye" dogs or other like animals.

6. Lessor may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Office Building so as to distribute weight in a manner acceptable to Lessor which may include the use of such supporting devices as Lessor may require. All damages to the Premises caused by the installation or removal of any property of the Lessee, or done by a Lessee's property while on the Premises shall be repaired at the expense of the Lessee.

7. The Lessee shall cooperate with the Lessor's employees and agents in keeping the Premises neat and clean. The Lessee shall not employ any person for the purpose of such cleaning. The Lessee shall not deposit any trash, refuse, cigarettes or other substances of any kind on the Premises except in refuse containers provided therefore. The Lessee shall not introduce onto the Premises any substances which might add an undue burden on the cleaning and maintenance of the Premises.

8. The Lessee shall not make or permit any vibration or improper, objectionable or unpleasant noises or odors on the Premises.

9. The Lessor will not be responsible for lost or stolen personal property, money or jewelry from the Premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

10. The Lessee will not allow or permit the Premises to be used for any improper, objectionable or unlawful purposes. The Lessee will use its best efforts to assure that illegal or improper behavior is discouraged.

11. The Lessor shall not be liable for failure of the Lessee to obey such rules and regulations. Failure by the Lessor to enforce any current or subsequent rules or regulations against the Lessee of the Office Building shall not constitute a waiver thereof.

12. The Lessee may request the Lessor to provide at Lessee's cost and expense air conditioning or heating to one or more floors or areas of the Office Building after regular business hours and on non-business days by providing written notice to the Lessor at least 24 hours prior to the time such air conditioning or heating is required.

## EXHIBIT D

### COMMUNITY BUSINESS ENTERPRISE FIRM

**INSTRUCTIONS:** The Lessor shall submit this form on an annual basis on or before December 30th of each year during the Lease Term as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed or color. Categories listed below are based on those described in 49 C.F.R. Section 23.5.

1. **Minority/Women Participation In Firm.** (Partners, Associates, Managers, Staff, etc.)

FIRM: \_\_\_\_\_ NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CONTACT \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_  
TOTAL NUMBER OF EMPLOYEES IN FIRM: \_\_\_\_\_

	Owners/Partners Associate Partners	Managers	Staff
Black/African American	_____	_____	_____
Hispanic/Latin American	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above and also reported here separately)	_____	_____	_____

2. **Percentage Of Minority/Women Ownership of Firm.**

TYPE OF BUSINESS STRUCTURE: \_\_\_\_\_  
(Corporation, Partnership, sole Proprietorship, etc.)  
TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: \_\_\_\_\_

### Percentage of Ownership

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/Alaskan Native	_____
All Others	_____
Women (Should be included in counts above and also reported here separately)	_____

#### 3. **Current Certification As Minority/Women-Owned Firm.**

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS  
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

#### 4. **Firm's Desire Not To Respond To Information.**

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS  
FORM.

Firm Name  
Signed  
Date  
Title

## **EXHIBIT E**

### **RENTAL PAYMENTS SCHEDULE**

The components of the Rental Payments due under this Lease Agreement are as follows:

#### **Base Rent**

An amount equal to \$2.34 per Rentable Square Foot of Office Space per month during the Original Lease Term (based on 88,546 Rentable Square Feet of Office Space).

#### **Additional Rent**

1. Estimated Operating Costs for the first Lease Year: an amount equal to \$.65 per Rentable Square Foot of Office Space per month (based on 88,546 Rentable Square Feet of Office Space).
2. Renewal and Replacement Fund Contribution: commencing with the second Lease Year, an amount equal to \$.05 per Rentable Square Foot of Office Space per month (based on 88,546 Rentable Square Feet of Office Space).

## EXHIBIT F

### TERMINATION SCHEDULE

Lease Year *	Termination Value *
06/01/20	\$27,030,000
06/01/21	25,785,000
06/01/22	24,475,000
06/01/23	23,095,000
06/01/24	21,645,000
06/01/25	20,120,000
06/01/26	18,520,000
06/01/27	16,840,000
06/01/28	15,075,000
06/01/29	13,225,000
06/01/30	11,280,000
06/01/31	9,240,000
06/01/32	7,095,000
06/01/33	4,845,000
06/01/34	2,480,000
06/01/35	0

\*In the event, the Conditions for Extraordinary Termination are satisfied pursuant to Section 8(b) and the Lessee has the right to and elects to terminate the Lease Agreement prior to June 1, 2020, the Termination Value on the Lease Termination Date shall be the amount required to fully and completely defease all of the outstanding Bonds on such Lease Termination Date.

## EXHIBIT G

### MEMORANDUM OF LEASE COMMENCEMENT AND TERMINATION DATE

**THIS MEMORANDUM OF LEASE AGREEMENT** (this "Agreement") is dated this \_\_\_\_\_ day of \_\_\_\_\_, 2003, for reference purposes only, by and between **VERMONT VILLAGE HUMAN SERVICES CORPORATION**, as Lessor, and the **COUNTY OF LOS ANGELES, CALIFORNIA**, as Lessee.

1. The Lessor and the Lessee have entered into a Lease Agreement dated as of \_\_\_\_\_, 2003 (the "Lease Agreement") for the leasing by the Lessor to the Lessee of the building located at \_\_\_\_\_ ("the Premises").

2. The Lessor and the Lessee hereby confirm the following:

(a) that all construction by the Lessor, if any, required to be done pursuant to the terms of the Lease Agreement has been completed in all respects subject to any remaining punchlist items;

(b) that the Lessee has accepted possession of the Premises and now occupies the same;

(c) that the Lease Term of the Lease Agreement commenced \_\_\_\_\_, and that the Base Year shall commence on \_\_\_\_\_ and end on \_\_\_\_\_; and

(d) that except as otherwise provided under the definition of Lease Termination Date, the Lease Termination Date of the Lease Agreement is \_\_\_\_\_, 20\_\_\_\_.

IN WITNESS WHEREOF, the Lessor and the Lessee have respectfully signed this Lease Agreement.

**LESSOR:**

**VERMONT VILLAGE HUMAN SERVICES  
CORPORATION**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**LESSEE:**

**COUNTY OF LOS ANGELES**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## **EXHIBIT H**

### **JANITORIAL SERVICES**

This list reflects the various cleaning and maintenance requirements for the Premises. Responsibility for this cleaning and maintenance service belongs to the Lessor.

#### **CLEANING AND MAINTENANCE SCHEDULE**

##### **Daily (Monday through Friday)**

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Sand jars fine-screened and wiped clean.
9. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished. Bulb and tube replacements, as required.
11. Graffiti expunged as needed within two working days after notice to Lessee.
12. Floors washed as needed.

##### **Weekly**

1. Low-reach areas, chair rungs, baseboards and insides of door jams dusted.
2. Window sills, ledges and wood paneling and molding dusted.

##### **Monthly**

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.
3. Up holstered furniture vacuumed, plastic and leather furniture wiped.
4. Picture moldings and frames dusted. Wall vents and ceiling vents vacuumed.

##### **Quarterly**

1. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
2. Wood furniture polished.
3. Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.

##### **Semiannually**

1. Windows washed as required inside and outside but not less frequently than twice annually.

**Annually**

1. Carpets cleaned

**As Needed**

The sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of the Premise should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

# EXHIBIT I

## PURCHASE PRICE OPTION SCHEDULE

Lease Year	Purchase Price		Lease Year	Purchase Price
06/01/15	\$35,751,353		06/01/40	\$17,494,312
06/01/16	35,021,071		06/01/41	16,764,031
06/01/17	34,290,790		06/01/42	16,033,740
06/01/18	33,560,508		06/01/43	15,303,467
06/01/19	32,830,226		06/01/44	14,573,186
06/01/20	32,099,945		06/01/45	13,842,904
06/01/21	31,369,663		06/01/46	13,112,623
06/01/22	30,639,381		06/01/47	12,382,341
06/01/23	29,909,100		06/01/48	11,652,059
06/01/24	29,178,818		06/01/49	10,921,778
06/01/25	28,448,537		06/01/50	10,191,496
06/01/26	27,718,255		06/01/51	9,461,214
06/01/27	26,987,973		06/01/52	8,730,933
06/01/28	26,257,692		06/01/53	8,000,651
06/01/29	25,527,410		06/01/54	6,476,592
06/01/30	24,797,129		06/01/55	6,540,088
06/01/31	24,066,847		06/01/56	6,603,584
06/01/32	23,336,565		06/01/57	6,667,080
06/01/33	22,606,284		06/01/58	6,730,576
06/01/34	21,876,002			
06/01/35	21,145,720			
06/01/36	20,415,439			
06/01/37	19,685,157			
06/01/38	18,954,876			
06/01/39	18,224,594			

**EXHIBIT J**

**WORK LETTER**

**[See Separate Document]**

## EXHIBIT J

### WORK LETTER

This Work Letter (this "Work Letter") is entered into as of the 3rd day of June, 2003, by and between Vermont Village Human Services Corporation ("Lessor") and the County of Los Angeles ("Lessee"), and sets forth certain terms and conditions relating to the design and construction of the Base Improvements (as defined herein below) and the Tenant Improvements at the Premises. All references in this Work Letter to the "Lease Agreement" or sections thereof shall refer to that certain Lease Agreement by and between Lessor and Lessee of even date herewith, to which this Work Letter is attached and of which this Work Letter forms an integral part. All initially capitalized, undefined terms used herein shall have the meanings ascribed to such terms in the Lease Agreement. All references in this Work Letter to Section(s) or Schedule(s) shall refer to the respective section(s) or schedule(s) of this Work Letter unless otherwise indicated. For purposes of this Work Letter, whenever the Lessor or the Lessee shall be required to deliver a notice or other written communication, such notice or written communication shall be delivered no later than 1:00 p.m., Los Angeles time.

#### 1. Base Improvements.

##### 1.1 Base Improvements Conceptual Drawings and Outline Specifications.

The Lessor has caused the Base Building Contractor (as defined in Section 4.1 below) to retain, an architect licensed in the State of California (the "Base Improvements Architect") to prepare the plans and specifications for the improvements described on Schedule 1 attached hereto (collectively, the "Base Improvements"). The Lessee acknowledges that Nadel Architects, Inc. will be retained by the Lessor as the Base Improvements Architect. The Lessor caused the Base Improvements Architect to (a) prepare a set of conceptual design plans (the "Base Improvements Conceptual Drawings and Outline Specifications") for the Base Improvements, and (b) deliver such Base Improvements Conceptual Drawings and Outline Specifications to Lessee's Chief Administrative Officer, for review by the Lessee. Lessee hereby acknowledges receipt of the Base Improvements Conceptual Drawings and Outline Specifications in the form attached hereto on Schedule 2 and hereby agrees to provide written notification to the Lessor no later than \_\_\_\_\_ of any required revisions to the Base Improvements Conceptual Drawings and Outline Specifications. Upon receipt of such written notification, Lessor shall revise the Base Improvements Conceptual Drawings and Outline Specifications and deliver such revised Base Improvements Conceptual Drawings and Outline Specifications to Lessee no later than \_\_\_\_\_.

1.2 Base Improvements Schematic Drawings. The Lessor has caused the Base Improvements Architect to (a) prepare schematic design drawings (the "Base Improvements Schematic Drawings") for the Base Improvements and (b) deliver such Base Improvements Schematic Drawings to Lessee's Chief Administrative Officer, for review by the Lessee. Lessee hereby acknowledges receipt of the Base Improvements Schematic Drawings in the form attached hereto on Schedule 3 and hereby agrees to provide written notification to the Lessor no later than \_\_\_\_\_ of any required revisions to the Base Improvements Schematic Drawings. Upon receipt of such written notification, Lessor shall revise the Base Improvements Schematic

Drawings and deliver such revised Base Improvements Schematic Drawings to Lessee no later than \_\_\_\_\_.

1.3 Base Improvements Design Development Drawings. No later than \_\_\_\_\_, the Lessor shall cause the Base Improvements Architect to (a) prepare a set of design development drawings for the Base Improvements (the “Base Improvements Design Development Drawings”) for the Facilities and (b) deliver such Base Improvements Design Development Drawings to Lessee’s Chief Administrative Office for review by the Lessee. Said Base Improvements Design Development Drawings shall be prepared in strict accordance with the approved Base Improvements Conceptual Drawings and Outline Specifications and the approved Base Improvements Schematic Drawings. Lessee shall notify Lessor in writing of any revisions required to the Base Improvements Design Development Drawings no later than \_\_\_\_\_. Upon receipt of such written provisions, Lessor shall cause the Base Improvements Architect to effect such revisions and deliver revised Base Improvements Design Development Drawings to Lessee no later than \_\_\_\_\_. The Lessee shall provide written notice to the Lessor of its approval of the revised Base Improvements Design Development Drawings no later than \_\_\_\_\_. Lessor and Lessee hereby agree that Lessee's failure to deliver written notice of its approval of the revised Base Improvements Design Development Drawings on or prior to \_\_\_\_\_ shall be deemed approval by the Lessee of the Base Improvements Design Development Drawings.

1.4 Base Improvements Working Drawings. The Lessor shall, no later than \_\_\_\_\_, cause the Base Improvements Architect to (a) prepare detailed working drawings and specifications for the Base Improvements (the “Base Improvements Working Drawings”) and (b) deliver such Base Improvements Working Drawings to Lessee’s Chief Administrative Officer, for review by the Lessee. Said Base Improvements Working Drawings shall be prepared in strict accordance with the approved Base Improvements Conceptual Drawings and Outline Specifications, the approved Base Improvements Schematic Drawings and the approved Base Improvements Design Development Drawings. In addition, said Base Improvements Working Drawings shall be prepared in conjunction with and after consultation with the Lessee’s designated representative, and shall provide for energy efficient Base Improvements. Lessee shall notify Lessor in writing of any revisions required to the Base Improvements Working Drawings no later than \_\_\_\_\_. Upon receipt of such written revisions, Lessor shall cause the Base Improvements Architect to effect such revisions and deliver revised Base Improvements Working Drawings to Lessee no later than \_\_\_\_\_. The Lessee shall provide written notice to the Lessor of its approval of the revised Base Improvements Working Drawings no later than \_\_\_\_\_. Lessor and Lessee hereby agree that Lessee's failure to deliver written notice of its approval of the revised Base Improvements Working Drawings on or prior to \_\_\_\_\_ shall be deemed approval by the Lessee of the Base Improvements Working Drawings. The Base Improvements Conceptual Drawings, Base Improvements Schematic Drawings and the Base Improvements Working Drawings shall be collectively referred to herein as the “Base Improvements Construction Drawings.”

2. Tenant Improvements Construction Drawings. The Lessor shall retain or cause the Tenant Improvements Contractor (as defined in Section 4.2 below) to retain, an architect licensed in the State of California (the “Tenant Improvements Architect”) to prepare the Tenant

Improvements Construction Drawings (as defined hereinbelow). Notwithstanding the preceding sentence, the Base Improvements Architect may also serve as the Tenant Improvements Architect. Lessor shall also retain engineering consultants (the “Engineers”) to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC and lifesafety work of the Tenant Improvements (as defined in Schedule 4). The plans and drawings to be prepared by the Architect and Engineers pursuant to this Section 2 shall be referred to collectively herein as the “Tenant Improvements Construction Drawings.”

2.1 Space Program Lessee shall, no later than \_\_\_\_\_, provide to Lessor and Tenant Improvements Architect a space program (“Space Program”) which shall contain an outline of Lessee’s space needs and specific space requirements, and which shall describe Lessee’s functional requirements, including number of employees, work stations, offices, conference rooms, interview rooms, waiting areas (if applicable), toilet rooms, cashier offices and the like.

2.2 Space Plan Based upon the Space Program and other information provided by Lessee, the Lessor shall, no later than \_\_\_\_\_, cause the Tenant Improvements Architect to (a) prepare the space plan for the Tenant Improvements in the Office Building (the “Space Plan”), which Space Plan shall include a layout and designation of floor plans, offices, rooms, workstations, toilet rooms and other partitioning, their intended use, and shall identify and depict the proposed Furniture, Fixtures and Equipment to be installed and/or placed in the Office Building, and (b) deliver such Space Plan to Lessee’s Chief Administrative Officer, for review by the Lessee. Lessee shall notify Lessor in writing of any revisions required to the Space Plan no later than \_\_\_\_\_. Upon receipt of such written revisions, the Lessor shall cause the Tenant Improvements Architect to effect such revisions and deliver such revised Space Plan to Lessee no later than \_\_\_\_\_. The Lessee shall provide written notice to the Lessor of its approval of the revised Space Plan and the proposed Furniture, Fixtures and Equipment no later than \_\_\_\_\_. Lessor and Lessee hereby agree that Lessee's failure to deliver written notice of its approval of the Space Plan on or prior to \_\_\_\_\_ shall be deemed approval by the Lessee of the Space Plan.

2.3 Tenant Improvements Design Development Drawings. The Lessor shall cause the Tenant Improvements Architect to (a) prepare more refined drawings for the Tenant Improvements (collectively, the “Tenant Improvements Design Development Drawings”) which shall contain a level of detail greater than that for the approved Space Plan but not the level of detail of the Tenant Improvements Working Drawings (as defined in Section 2.4 below) and (b) deliver such Tenant Improvements Design Development Drawings to Lessee’s Chief Administrative Officer, for review by the Lessee no later than \_\_\_\_\_. Said Design Development Drawings shall be prepared in strict accordance with the approved Space Plan. Lessee shall notify Lessor in writing of any revisions required to the Tenant Improvements Design Development Drawings no later than \_\_\_\_\_. Upon receipt of such written revisions, the Lessee shall cause the Tenant Improvements Architect to effect such revisions and deliver such revised Tenant Improvements Design Development Drawings to Lessee no later than \_\_\_\_\_. The Lessee shall provide written notice to the Lessor of its approval of the Tenant Improvements Design Development Drawings no later than \_\_\_\_\_. Lessor and Lessee hereby agree that Lessee's failure to deliver written notice of its approval of the revised Tenant Improvements Design Development Drawings on or prior to \_\_\_\_\_ shall be deemed approval by the Lessee of the Tenant Improvements Design Development Drawings.

\_\_\_\_\_ shall be deemed approval by the Lessee of the Tenant Improvements Design Development Drawings.

2.4 Tenant Improvements Working Drawings. The Lessee shall cause the Tenant Improvements Architect and Engineers to (a) complete the architectural and engineering drawings for the Tenant Improvements, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the “Tenant Improvements Working Drawings”) and (b) deliver such Tenant Improvements Working Drawings to Lessee’s Chief Administrative Officer, for review by the Lessee no later than \_\_\_\_\_. Said Tenant Improvements Working Drawings shall be prepared in strict accordance with the approved Tenant Improvements Design Development Drawings. Lessee shall notify Lessor in writing of any revisions required to the Tenant Improvements Working Drawings no later than \_\_\_\_\_. Upon receipt of such written revisions, the Lessor shall cause the Tenant Improvements Architect to effect such revisions and deliver such revised Tenant Improvements Working Drawings to Lessee no later than \_\_\_\_\_. Lessee shall provide written notice to the Lessor of its approval of the revised Tenant Improvements Working Drawings no later than \_\_\_\_\_. Lessor and Lessee hereby agree that Lessee's failure to deliver written notice of its approval of the revised Tenant Improvements Working Drawings on or prior to \_\_\_\_\_ shall be deemed approval by the Lessee of the Tenant Improvements Working Drawings.

3. General Provisions Regarding Construction Drawings.

3.1 Permits. The Base Improvements Working Drawings and the Tenant Improvements Working Drawings shall be approved by Lessee as provided in and subject to Section 1 and Section 2 above, respectively, prior to the commencement of the construction of the Base Improvements and the Tenant Improvements, respectively. Lessor shall cause the Base Improvements Architect and Tenant Improvements Architect to submit the approved Base Improvements Working Drawings and the Tenant Improvements Working Drawings, respectively, immediately following the approval of each by Lessee as provided in Section 1 and Section 2 above, to the appropriate governmental authorities for all building permits (“Permits”) necessary to allow the Base Building Contractor and the Tenant Improvements Contractor to commence and fully complete the construction of the Base Improvements and the Tenant Improvements, respectively.

3.2 No Warranty. Notwithstanding anything to the contrary stated or implied in this Work Letter, Lessee’s review of the Base Improvements Construction Drawings and/or the Tenant Improvements Drawings as provided in Section 1 and Section 2 above, respectively, shall not imply any warranty or representation by Lessee regarding the same, or impose upon Lessee any obligation to review the same for quality, design, code compliance or other like matters. Lessor acknowledges and agrees that Lessor, the Base Improvements Contractor, the Base Improvements Architect, the Tenant Improvements Contractor and the Tenant Improvements Architect, respectively, are solely responsible for ensuring that the Base Improvements Construction Drawings and the Tenant Improvements Construction Drawings comply with all applicable building codes, laws, ordinances and other requirements of any governmental authority with jurisdiction over the Premises. Accordingly, notwithstanding that any Base Improvements Construction Drawings and/or Tenant Improvements Construction

Drawings are reviewed by Lessee or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Lessor, the Base Improvements Architect, and/or the Tenant Improvements Architect by any of the foregoing parties, Lessee shall have no liability whatsoever in connection therewith and shall not be responsible for any errors or omissions contained in the Base Improvements Construction Drawings and/or Tenant Improvements Construction Drawings.

3.3 Modifications. In the event that at any time after the approval by the Lessee of the Base Improvements Conceptual Drawings and Outline Specifications, the Lessee requests modifications thereto that increase or decrease the overall cost of construction of the Premises, the Lessee and the Lessor hereby agree that: (x) to the extent the Lessor receives written notice of such requested modifications prior to the sale of the Bonds, the Lessor shall provide the Lessee with a revised cost of the Premises and the Lease Agreement shall be amended to reflect such modifications to the Base Rent such that following the execution of an amendment to the Lease Agreement, the Base Rent to be paid by the Lessee will be in an amount at least sufficient to pay the principal of and interest on the Bonds, and (y) to the extent the Lessor receives written notice of such requested modifications after the sale of the Bonds, (i) in the event such modifications result in a decrease in the overall cost of the Premises, the provisions of Section 8 below shall apply to the treatment of excess proceeds of the Bonds, and (ii) in the event such modifications result in an increase in the overall cost of the Premises, the Lessee, at its option, may elect (A) not to proceed with such modifications, (B) to pay the increased cost of construction upon submission by the Lessor of an invoice or other evidence of such increased cost or (C) with the reasonable approval of the Lessor, request that the Lessor cause to be executed and delivered additional Bonds to finance such increased costs but only in accordance with the documents pursuant to which the Bonds were issued and delivered and following the execution of an amendment to the Lease Agreement increasing the Base Rent to an amount at least sufficient to pay the principal of and interest on the Bonds, including the Additional Bonds. In addition, the issuance and delivery of Additional Bonds shall be subject to the following: (i) the Lessor's receipt of necessary approvals of its debt insurers and/or rating agencies, and (ii) the Lessee providing all necessary approvals required under the Lease Agreement to provide for the delivery of such Additional Bonds, cooperating with the arrangement of such financing and agreeing to all modifications to the Lease Agreement required to effectuate such financing. Any modifications in the Construction Documents (whether requested by the Lessee or the Lessor) shall be approved by the Lessee's Chief Administrative Officer, such approval not to be unreasonably withheld or delayed.

#### 4. Construction of the Base Improvements and Tenant Improvements.

4.1 Base Improvements. Lessor shall enter into a Design/Build Fixed Price Contract (the "Base Improvements Construction Contract") with a general contractor (the "Base Building Contractor"), pursuant to which the Base Building Contractor shall construct the Base Improvements in accordance with the approved Base Improvements Working Drawings and subject to the terms and conditions of the Base Improvements Construction Contract. The Lessee acknowledges that Charles Pankow Builders, Ltd. will be retained by the Lessor as the Base Building Contractor. The Base Improvements Construction Contract shall provide that (a) the sum payable thereunder by Lessor shall not exceed a guaranteed fixed price of \$19,932,000 (the "Base Improvements Guaranteed Fixed Price") and (b) Lessor shall not be responsible for

costs incurred under such Base Improvements Construction Contract in excess of the Base Improvements Guaranteed Fixed Price), subject to the terms and conditions set forth in said Base Improvements Construction Contract. The Base Improvements Construction Contract shall guarantee the Substantial Completion (as defined in Section 9.1 below) of the Base Improvements no later than August 31, 2005 (the "Substantial Completion Deadline"), subject to the terms and conditions set forth in the Base Improvements Construction Contract.

4.2 Tenant Improvements and Furniture, Fixture and Equipment. Lessor shall enter into a construction contract (the "Tenant Improvements Construction Contract") with a general contractor (the "Tenant Improvements Contractor"), pursuant to which the Tenant Improvements Contractor shall construct the Tenant Improvements in accordance with the approved Tenant Improvements Working Drawings and subject to the terms and conditions of the Tenant Improvements Construction Contract. The Tenant Improvements Construction Contract shall guarantee the Substantial Completion of the Tenant Improvements no later than the Substantial Completion Deadline, subject to the terms and conditions set forth in the Tenant Improvements Construction Contract. The Lessor hereby covenants and agrees to provide or cause to be provided in the Office Building, the Furniture, Fixtures and Equipment prior to or concurrently with (and the same shall be a condition to) the Substantial Completion of the Tenant Improvements. Amounts to be used for the acquisition and installation of the Furniture Fixtures and Equipment shall be held by the Trustee in the Tenant Improvements/Furniture, Fixtures and Equipment Account of the Project Fund established under the documents pursuant to which the Bonds are issued and delivered.

4.3 Change Orders by Lessee. In the event that the Lessee requests modifications to (a) the Base Improvements Working Drawings, (b) the Tenant Improvements Working Drawings, or (c) the type of Furniture, Fixture and Equipment, which, as the case may be, increase the cost of construction of the Base Improvements, the Tenant Improvements or the cost of Furniture, Fixture and Equipment, as the case may be, and provided that such modifications are elective in nature and are not required as a result of any errors or omissions in the Base Improvements Working Drawings and/or the Tenant Improvements Working Drawings, as the case may be, the Lessee hereby agrees to pay such incremental cost as progress is made in the construction of such modifications or installation, equipping of such Furniture, Fixture and Equipment. In the event that the Lessee requests modifications to (x) the Base Improvements Working Drawings following the approval thereof by Lessee pursuant to Section 1.3 above and/or (y) the Tenant Improvements Working Drawings following the approval thereof by Lessee pursuant to Section 2.4 above, in either case prior to the Lease Commencement Date, which in either case reduce the cost of construction of the Base Improvements and/or the Tenant Improvements, the Lessor shall apply the savings in construction costs to the Lessee's Base Rent payments due under the Lease Agreement. The Chief Administrative Officer of Lessee may approve cumulative change orders up to 10% of the cost of the Premises. All additional change orders in excess of 10% of the cost of the Premises shall be approved by the Lessee's Board of Supervisors.

4.4 Change Orders by Lessor. Lessor shall not make any modifications to the approved Base Improvements Working Drawings and/or the approved Tenant Improvements Working Drawings which, in either case, would result in an increase in the costs of construction of the Base Improvements, the Tenant Improvements or the cost of Furniture, Fixture and

Equipment, as the case may be, in excess of amounts budgeted therefor and deposited from Bond proceeds into the Base Improvements Account and/or the Tenant Improvements/Furniture, Fixture and Equipment Account, as the case may be, of the Project Fund without the prior approval of Lessee.

4.5 Lessee's Access. The Lessor agrees that the Lessee its employees, project manager, consultants and representatives (collectively, "Lessee Representatives"), shall have access to the Premises at all times during the construction of the Base Improvements and Tenant Improvements for the purpose of inspecting the construction of the Base Improvements and Tenant Improvements (collectively, the "Work"), and Lessee Representatives shall have the right to inspect the Work and ascertain that the Work is being performed in accordance with the approved Base Improvements Working Drawings and/or the Tenant Improvements Working Drawings, as the case may be. Lessor shall cause any Work reasonably ascertained by Lessee and verified by the Base Improvements Architect or the Architect, as the case may be, as not in conformance with the approved Base Improvements Working Drawings and/or Tenant Improvements Working Drawings (as the case may be) to be corrected to conform to such approved drawings to the reasonable satisfaction of Lessee, at no additional cost to Lessee. Lessee shall provide the Lessor with written notification upon commencement of the construction of its designated project manager (who may be an employee or officer of Lessee or an independent third party retained as a project manager by Lessee) who shall be the Lessee's primary contact for the Work. The Lessor further agrees that, upon commencement of the Work, it will notify the Chief Administrative Officer in writing of the identity, place of business, and business telephone number of the person(s) who shall be the Base Improvements Architect's and Tenant Improvements Architect's representative(s) during the progress of the Work. Said representative(s) shall be Lessor's primary contact for purposes of this Work Letter.

4.6 Quality of Work and Materials. The parties to the Lease Agreement agree that the Base Improvements and Tenant Improvements shall be Class A and Type I or Type II-FR in quality. All materials, parts and equipment furnished by the Lessor and/or its contractor(s), subcontractors and material suppliers shall be new, high grade and free from defects and imperfections. Both materials and workmanship shall be in accordance with the requirements of the Base Improvements Construction Contract and/or Tenant Improvements Construction Contract and standard industry practice. Any item or work installed by the Lessor and/or its contractor(s), subcontractors or material suppliers but not in conformance with the Base Improvements Construction Contract and/or the Tenant Improvements Construction Contract shall be removed by and at the Lessor and/or contractor's expense upon written request from the Lessee and/or brought into conformance with the requirements of the applicable Base Improvements Construction Contract or Tenant Improvements Construction Contract.

5. Disbursement of Base Improvements Allowance. The Lessor and the Lessee hereby agree that the Lessor shall construct and install the Base Improvements at a cost equal to the Base Improvements Guaranteed Fixed Price, in accordance with the approved Base Improvements Working Drawings, and that the funds to be disbursed by the Trustee with respect to Base Improvements costs shall not exceed the amounts on deposit in the Base Improvements Account of the Project Fund (the "Base Improvements Allowance") established under the documents pursuant to which the Bonds are issued and delivered. The Base Improvements

Allowance shall be disbursed by the Trustee pursuant to the process described below for costs related to the construction of the Base Improvements.

5.1 Application for Payment of Base Improvements. On or before the tenth (10<sup>th</sup>) day of each calendar month during the construction of the Base Improvements, Lessor shall deliver to Trustee: (a) a request for payment (each an “Application for Payment of Base Improvements”) of the Base Building Contractor covering the immediately preceding calendar month as described below, which Application for Payment of Base Improvements shall be approved in writing by the Base Improvements Architect and shall show in detail (i) the work completed during the period covered by the Application for Payment of Base Improvements (including, but not limited to, initial job site preparation and mobilization work such as fencing, vehicle leasing, trailers and temporary toilets) and (ii) the schedule, by trade, of percentage of completion of the Base Improvements, detailing the aggregate portion of the work completed and the portion not completed; (b) invoices from the Base Building Contractor for labor rendered and materials delivered in connection with the Base Improvements during the period covered by the Application for Payment of Base Improvements; (c) executed mechanics’ lien releases from the Base Building Contractor and all subcontractors and material suppliers who have filed a preliminary notice in accordance with Section 3097 of the California Civil Code (i) in the form of California Civil Code Section 3262(d)(1) with respect to the current Application for Payment of Base Improvements and (ii) in the form of California Civil Code Section 3262(d)(2) with respect to any previous Application(s) for Payment of Base Improvements; and (d) all other information reasonably requested by Trustee. Within ten (10) days after Trustee’s receipt of all of the items described above in this Section 5.1, Trustee shall deliver a check to Lessor (or, at the direction of the Lessor, directly to the Base Building Contractor and/or in the form of one or more joint checks payable to the Base Building Contractor and any subcontractor(s) and material supplier(s) listed in the applicable Application for Payment of Base Improvements) in payment of the lesser of: (A) the amounts so requested by Lessor in the Application for Payment of Base Improvements, recognizing that such request will deduct a retention of at least eight percent (8%) of the gross amount requested until the Base Improvements have reached fifty percent (50%) of Substantial Completion (as certified in writing by the Base Improvements Architect) and at least four percent (4%) of the gross amount requested thereafter (the aggregate amount of such retentions being the “Base Improvements Final Retention”), and (B) the balance of any remaining available portion of the Base Improvements Allowance (not including the Base Improvements Final Retention). The parties acknowledge that so long as the Base Improvements Construction Contract provides for retention as set forth in the immediately preceding sentence, the Trustee shall not holdback any additional retention from payments to be made pursuant to this Section 5.1. The Trustee shall have no obligation to disburse any monies from the Base Improvements Allowance for work which has not been approved by the Base Improvements Architect.

5.2 Disbursement of Base Improvements Final Retention. Subject to the provisions of this Work Letter, a check for the Base Improvements Final Retention less a holdback of 150% (the “Base Improvements Punchlist Holdback”) of the estimated Base Improvements Punchlist Correction Costs (as defined in Section 9.1 below) shall be delivered by Trustee to Lessor (or, at the direction of the Lessor, directly to the Base Building Contractor and/or in the form of one or more joint checks payable to the Base Building Contractor and any subcontractor(s) and material supplier(s) still owed amounts under the Base Building

Construction Contract) within thirty (30) days following the Substantial Completion of the Base Improvements, *provided that* (a) Lessor delivers to Trustee properly executed mechanics' lien releases from the Base Building Contractor and all applicable subcontractors and material suppliers (i) in the form of California Civil Code Section 3262(d)(1) with respect to the portion of the Base Improvements Final Retention being released and (ii) in the form of California Civil Code Section 3262(d)(2) with respect to any previous Applications for Payment and (b) the Base Improvements Architect delivers to Lessor and Trustee a certificate, in form reasonably acceptable to such parties, certifying that the Base Improvements have been substantially completed in accordance with the Base Improvements Working Drawings.

5.3 Other Terms. Trustee shall only be obligated to make disbursements from the Base Improvements Allowance to the extent of costs incurred by Lessor in connection with the construction of the Base Improvements. Lessor acknowledges that if the Base Improvement Allowance is insufficient to fund all construction costs of the Base Improvements, Lessor shall be responsible for such excess. In the event that the cost of the Base Improvements is less than the Base Improvements Allowance (the "Surplus Base Improvements Allowance"), the Lessor and the Lessee hereby agree that the Surplus Base Improvements Allowance shall be applied in the following order of priority: (i) the cost of Furniture, Fixtures and Equipment in excess of amounts already provided herein, (ii) the cost of other or additional capital improvements constituting part of the Premises, (iii) deposited in the Renewal and Replacement Fund, (iv) transferred to the Trustee for deposit into the Reserve Fund for the Bonds to the extent the amount on deposit therein is less than the required reserve requirement for the Bonds, and (v) for any other lawful purpose as approved in an opinion of nationally recognized bond counsel addressed to the Trustee and the Lessor.

6. Disbursement of Tenant Improvement Allowance. The Lessor and the Lessee hereby agree that the Lessor shall construct and install the Tenant Improvements and cause to be provided in the Office Building, the Furniture, Fixtures and Equipment, at a cost not to exceed the sum of Six Million One Hundred Ninety Eight Thousand Two Hundred Twenty Dollars (\$6,198,220) in accordance with the approved Tenant Improvements Working Drawings, and that the funds to be disbursed by Trustee with respect to the costs of the Tenant Improvements and the Furniture, Fixture and Equipment shall not exceed the amounts on deposit in the Tenant Improvements/Furniture, Fixture and Equipment Account of the Project Fund (the "Tenant Improvement Allowance") established under the documents pursuant to which the Bonds were issued and delivered. The Tenant Improvement Allowance shall be disbursed by the Trustee pursuant to the process described below for costs related to the construction of the Tenant Improvements and installation of the Furniture, Fixture and Equipment.

6.1 Application for Payment of Tenant Improvements and Furniture, Fixtures and Equipment. On or before the tenth (10<sup>th</sup>) day of each calendar month during the construction of the Tenant Improvements, Lessor shall deliver to Lessee and Trustee: (a) a request for payment (each, an Application for Payment of Tenant Improvements of the Tenant Improvements Contractor covering the immediately preceding calendar month as described below, which Application for Payment of Tenant Improvements shall be approved in writing by the Architect and shall show in detail (i) the work completed during the period covered by the Application for Payment of Tenant Improvements and (ii) the schedule, by trade, of percentage of completion of the Tenant Improvements, detailing the aggregate portion of the work

completed and the portion not completed; (b) invoices from the Tenant Improvements Contractor and all subcontractors and material suppliers of the Tenant Improvements Contractor, for labor rendered and materials delivered in connection with the Tenant Improvements during the period covered by the Application for Payment of Tenant Improvements; (c) executed mechanics' lien releases from the Tenant Improvements Contractor and all such subcontractors and material suppliers who have filed a preliminary notice in accordance with Section 3097 of the California Civil Code (i) in the form of California Civil Code Section 3262(d)(1) with respect to the current Application for Payment of Tenant Improvements and (ii) in the form of California Civil Code Section 3262(d)(2) with respect to all previous Application(s) for Payment; and (d) all other information reasonably requested by Trustee. The Lessor shall be entitled to receive a logistical coordination fee in the amount of \$250,000 (the "TI Supervision Fee") for the supervision and coordination of the construction and installation of the Tenant Improvements and the Furniture, Fixtures and Equipment. The TI Supervision Fee shall be prorated based on the ratio of each Application for Payment of Tenant Improvements to the Total Improvement Allowance. Within ten (10) days after Trustee's receipt of all of the items described in this Section 6.1 above, and upon receipt of a certificate from Lessee approving the Application for Payment of Tenant Improvements, Trustee shall deliver a check to Lessor (or, at the direction of the Lessor, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) listed in the applicable Application for Payment of Tenant Improvements) in payment of the lesser of: (A) the amounts so requested by Lessor in the Application for Payment of Tenant Improvements, recognizing that such request will deduct a retention of at least eight percent (8%) from the gross amount requested (including 8% retention on the requested TI Supervision Fee) until the Tenant Improvements have reached fifty percent (50%) of Substantial Completion (as certified in writing by the Architect) and at least four percent (4%) of the gross amount requested (including 4% retention on the requested TI Supervision Fee) thereafter (the aggregate amount of such retentions being the "Tenant Improvement Final Retention"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Tenant Improvement Final Retention). In the event Trustee pays Tenant Improvements Contractor and/or any subcontractor(s) and material supplier(s) directly based upon any Application for Payment of Tenant Improvements, Trustee shall deliver a separate check to Lessor in the amount of the TI Supervision Fee requested for such payment period in the Application for Payment of Tenant Improvements. The parties acknowledge that so long as the Tenant Improvements Construction Contract provides for retention as set forth in the immediately preceding sentence and the TI Supervision Fee in the respective Application for Payment of Tenant Improvements reflects a commensurate retention, the Trustee shall not holdback any additional retention from payments to be made pursuant to this Section 6.1. The Trustee shall have no obligation to disburse any monies from the Tenant Improvement Allowance for Tenant Improvements which are not approved by the Tenant Improvements Architect or for Furniture, Fixtures and Equipment which is not approved by the Lessee.

6.2 Disbursement of Tenant Improvement Final Retention Subject to the provisions of this Work Letter, a check for the Tenant Improvement Final Retention less a holdback equal to the sum of (a) 150% (the "Tenant Improvement Punchlist Holdback") of the estimated Tenant Improvement Punchlist Correction Costs (as defined in Section 9.1 below) and (b) a portion ("TI Supervision Fee Holdback") of the aggregate retained TI Supervision Fee, calculated as the product of said aggregate retained TI Supervision Fee multiplied by a fraction,

the numerator of which is equal to the Tenant Improvement Punchlist Holdback and the denominator of which shall be equal to the Tenant Improvement Final Retention less the aggregate retained TI Supervision Fee, shall be delivered by Trustee to Lessor (or, at the Lessor's discretion, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) still owed amounts under the Tenant Improvements Construction Contract) within thirty (30) days following the Substantial Completion of Tenant Improvements, provided that (a) Lessor delivers to Trustee properly executed mechanics' lien releases from the Tenant Improvements Contractor and all applicable subcontractors and material suppliers (i) in the form of California Civil Code Section 3262(d)(1) with respect to the portion of the Tenant Improvement Final Retention being released and (ii) in the form of California Civil Code Section 3262(d)(2) with respect to any previous Applications for Payment of Tenant Improvements (b) the Tenant Improvements Architect delivers to Lessee and Trustee a certificate, in form reasonably acceptable to such parties, certifying that the Tenant Improvements have been substantially completed in accordance with the Tenant Improvements Working Drawings, and (c) Lessee delivers to Trustee a certificate approving the release of the amounts requested. In the event Trustee delivers a check directly to Tenant Improvements Contractor and/or any subcontractor(s) or material supplier(s) as provided in the immediately preceding sentence, Trustee shall deliver a separate check to Lessor in the amount of the aggregate retained TI Supervision Fee less the TI Supervision Fee Holdback.

6.3 Other Terms. Trustee shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent of (a) costs incurred by Lessor in connection with the construction of the Tenant Improvements, (b) costs of Furniture, Fixture and Equipment and (c) the TI Supervision Fee. Lessor acknowledges that if the Tenant Improvement Allowance is insufficient to fund all construction costs of the Tenant Improvements, acquisition and installation of the Furniture, Fixture and Equipment and/or the TI Supervision Fee, Lessor shall be responsible for such excess, only to the extent such excess amount is not the result of a modification or Change Order requested by Lessee after final approval of the Working Drawings. In the event that the total cost of the Tenant Improvements, the total cost of the Furniture, Fixture and Equipment, plus the TI Supervision Fee is less than the Tenant Improvement Allowance (the "Surplus Tenant Improvement Allowance"), the Lessor and the Lessee hereby agree that the Surplus Tenant Improvement Allowance shall be applied in the following order of priority: (i) the cost of Furniture, Fixtures and Equipment in excess of amounts already provided herein, (ii) the cost of other or additional capital improvements constituting part of the Premises, (iii) deposited in the Renewal and Replacement Fund, (iv) transferred to the Trustee for deposit into the Reserve Fund for the Bonds to the extent the amount on deposit therein is less than the required reserve requirement for the Bonds, and (v) for any other lawful purpose as approved in an opinion of nationally recognized bond counsel addressed to the Trustee and the Lessor.

7. Payment of Other Costs. Notwithstanding anything contained in this Section 7 or Section 6 above, the Lessor may submit an Application for Payment of amounts held in the Project Fund other than the Base Improvements Account and the Tenant Improvements/Furniture, Fixtures and Equipment Account without complying with the requirements of Section 5 or Section 6 in connection with the payment of the costs of acquisition of the Site, architectural, engineering, accounting and legal costs incurred in connection with the

establishment of the Lessor, the negotiation of the Lease Agreement, and the acquisition, construction, installation and equipping of the Premises, reimbursements to the Lessor and its agents and representatives of predevelopment costs related to the Premises and costs and expenses of development, construction and project management services provided to Lessor in connection with the Premises. Notwithstanding the previous sentence of this Section 7, the Lessor's application for payment of development fees in connection with the acquisition, construction, installation and equipping of the Premises shall be limited according to Schedule 5 attached hereto.

8. Excess Bonds Proceeds. In the event that there are proceeds of the Bonds remaining on deposit under the documents pursuant to which the Bonds are issued and delivered after the Lease Commencement Date (other than proceeds held as a retainage or on deposit in or required to be deposited in a Reserve Fund for the Bonds), the Lessor and the Lessee agree that such excess proceeds shall be used, at the option of the Lessee (i) for construction of additional improvements to the Premises as may be agreed to by the Lessor and the Lessee, (ii) for the acquisition of additional Furniture, Fixtures and Equipment above any limit provided herein as may be agreed to by the Lessor and the Lessee, (iii) to pay or prepay Rental Payments due hereunder and prepay a portion of the principal of the Bonds and premium related to such prepayment if permitted by the documents pursuant to which the Bonds are issued and delivered, (iv) for deposit into the Renewal and Replacement Fund, (v) to pay for capital projects of the Lessee no later than three years from the date the Bonds are issued and delivered; *provided, that* such date may be extended with an opinion of national recognized bond counsel that such extension will not adversely affect the exclusion of the interest on the Bonds for federal income tax purposes, (vi) for any other lawful purpose as may be approved in an opinion of nationally recognized bond counsel delivered to the Lessor and the Trustee. To the extent the Lessee elects to use excess proceeds for current capital projects, the Lessee shall (A) certify to the Lessor and the Trustee that such excess proceeds are to be expended on a current capital project of the Lessee, (B) provide to the Lessor and the Trustee a detailed description of the proposed capital expenditure and the estimated date of completion or acquisition of such capital project, as the case may be, (C) provide a written certification to the Lessor and the Trustee that the annual fair rental value of the Premises (excluding the application of such excess proceeds) is at least equal to the annual Rental Payments due under the Lease Agreement, and (D) obtain the Lessor's certification that the quality and scope of the Premises has been completed in accordance with the terms of the Lease Agreement.

9. Completion of the Base Improvements and Tenant Improvements.

9.1 Substantial Completion. Subject to the terms and provisions of this Section 9, Lessor shall cause Substantial Completion of the Base Improvements and the Tenant Improvements each to occur on or before the Substantial Completion Deadline. For purposes of this Work Letter, "Substantial Completion" shall occur with respect to the Base Improvements when (a) the Base Improvements have been completed in accordance with the Base Improvements Working Drawings with the exception of any punchlist items ("Base Improvements Punchlist Items") identified in writing by Lessee which do not materially impair the use of the Base Improvements for Lessee's intended use and whose estimated cost of correction and/or completion is equal to or less than \$100,000 (the "Base Improvements Punchlist Correction Costs"), (b) the Base Improvements Architect issues a certificate to Lessee

and Trustee certifying that the Base Improvements have been substantially completed in accordance with the Base Improvements Working Drawings, (c) a temporary certificate of occupancy or equivalent authorization by the appropriate governmental authority(ies) has been received to permit the occupancy and use of the Base Improvements for Lessee's intended use, (d) all utilities necessary and appropriate for the use and operation of the Base Improvements are fully connected and functional, and (d) Lessee has delivered written notice to Lessor acknowledging the Substantial Completion of the Base Improvements which acknowledgment shall not be unreasonably withheld. For purposes of this Work Letter, Substantial Completion shall occur with respect to the Tenant Improvements when (v) the Tenant Improvements have been completed in accordance with the Tenant Improvements Working Drawings with the exception of any punchlist items ("Tenant Improvement Punchlist Items") identified in writing by Lessee which do not materially impair the use of the Tenant Improvements for Lessee's intended use and whose estimated cost of correction and/or completion is equal to or less than \$70,000 (the "Tenant Improvement Punchlist Correction Costs"), (w) the Tenant Improvements Architect issues a certificate to Lessee and Trustee certifying that the Tenant Improvements have been substantially completed in accordance with the Tenant Improvements Working Drawings, (x) a temporary certificate of occupancy or equivalent authorization by the applicable governmental authority(ies) has been received to permit the occupancy and use of the Tenant Improvements for Lessee's intended use, (y) all utilities necessary and appropriate for the use and operation of the Tenant Improvements are fully connected and functional, and (z) Lessee has delivered written notice to Lessor acknowledging the Substantial Completion of the Tenant Improvements, which notice shall not be unreasonably withheld.

9.2 Final Completion. Lessor shall have one hundred twenty (120) days (the "Final Completion Deadline") following the Substantial Completion of the Base Improvements and the Tenant Improvements, to (a) correct or complete any and all Base Improvements Punchlist Items and Tenant Improvement Punchlist Items and (b) obtain a final certificate of occupancy or equivalent authorization(s) by the applicable governmental authority(ies) with respect to the Base Improvements and Tenant Improvements. Upon the completion of all Base Improvements Punchlist Items and Tenant Improvement Punchlist Items, certified as to their final completion by the Base Improvements Architect and Tenant Improvements Architect, respectively, and whose final completion is acknowledged in writing by Lessee in its reasonable discretion, the Trustee shall disburse the Base Improvements Punchlist Holdback, the Tenant Improvement Punchlist Holdback, and the TI Supervision Fee Holdback to the parties entitled to receive the same, upon the receipt from all such parties of duly executed final lien release waivers in the form of California Civil Code Section 3262(d)(4). In the event Lessor fails to cause final completion of all said punchlist items on or before the Substantial Completion Date, and/or fails to secure the final certificates or authorizations described in clause (b) of this Section 9.2, then Trustee shall disburse to Lessee all holdback amounts, and Lessee shall be entitled to use such amounts, at its option, to complete such remaining punchlist items, secure said final certificates or authorizations, and pay any remaining holdback amounts to any party(ies) entitled to receive the same, upon receipt from such party(ies) of said final lien release waivers described in this Section 9.2 above. The Final Completion Deadline shall be extended by one (1) Business Day for each one (1) Business Day of delay, or additional Business Days as mutually agreed upon by the Lessor and the Lessee, resulting from one or more events of Force Majeure (as defined in the Lease Agreement).

9.3 Delay. The parties agree that Substantial Completion may be delayed for reasons beyond the Lessor's control. Therefore, the parties agree that the Substantial Completion Deadline shall be extended in the event and to the extent of the number of Business Days that the Lessor (or any contractor or subcontractors employed by the Lessor) is delayed by one or more of the following factors (provided that, in the event of overlapping, concurrent factors, delays shall not be calculated on a cumulative basis and shall run concurrently):

9.3.1 Force Majeure as provided in the Lease Agreement; or

9.3.2 Inclement Weather. If adverse weather conditions which could not have been reasonably anticipated at the time of entering into this Work Letter had a material adverse effect on the progress of construction, and are the basis of a claim for a delay, such claim shall be evaluated in accordance with Industry Standards with respect to inclement weather; in which case all extensions are subject to the reasonable approval of both parties. Upon the occurrence of any event that constitutes or may constitute a Force Majeure event or that causes or may cause a delay in the Substantial Completion of the Premises, Lessor shall notify Lessee within ten (10) days. Following such notification, Lessee and Lessor shall meet to discuss the nature and extent of such event and/or delay. Lessee shall cooperate with Lessor, and Lessor shall cooperate with the Base Building Contractor and Tenant Improvements Contractor, to minimize any delay in the Substantial Completion of the Premises caused by such event. Notwithstanding the above, nothing in this section shall prevent Lessor from immediately taking any and all necessary action to remediate or otherwise address the event causing such delay.

9.4 No Delays by Lessee. The Lessee covenants and agrees to use commercially reasonable efforts to approve the Base Improvements Construction Drawings, Tenant Improvements Construction Drawings and, to the extent permitted under this Work Letter, change orders in a timely manner to insure that the Lessor is able to achieve Substantial Completion of the construction of the Base Improvements and Tenant Improvements as contemplated by the Lease Agreement. In the event that the Lessee's approval process results in material delays to the Lessor's construction schedule ("Lessee Delays"), the Substantial Completion Deadline shall be extended day for day and the Lessee shall bear all direct and indirect costs incurred by the Lessor as a result of such delay by paying such direct and indirect costs upon submission by the Lessor of an invoice or other reasonable evidence of such direct and indirect costs, *provided that* the Lessee may, with the reasonable approval of the Lessor, subject to the terms set forth in this Section 9.4 below, request that the Lessor cause to be executed and delivered additional Bonds to finance such direct and indirect costs, but only in accordance with the documents pursuant to which the Bonds are issued and following the execution of an amendment to the Lease Agreement increasing the Base Rent to an amount at least sufficient to pay the principal of and interest on the Bonds and the additional Bonds. In addition, the issuance and delivery of Additional Bonds shall be subject to the following: (A) the Lessor's receipt of necessary approvals of its debt insurers and/or rating agencies, and (B) the Lessee providing all necessary approvals required under the Lease Agreement to provide for the delivery of such additional Bonds, cooperating with the arrangement of such financing and agreeing to all modifications to the Lease Agreement required to effectuate such financing.

10. Unforeseen Costs. In the event the cost of the acquisition, construction, installation and equipping of the Premises is in excess of the amount budgeted therefor by the

Lessor and approved by the Lessee as a result of (i) changes in laws applicable to buildings or facilities leased by public agencies after the date of execution of the Lease Agreement, (ii) the remediation or correction of the condition of the Site or other cost associated with soil conditions (such as dewatering or rock excavation) but excluding conditions related to Hazardous Substances which was not reasonably foreseeable by the Lessor or its agents on the date of execution of the Lease Agreement (and which would not have been reasonably foreseeable to a Developer skilled in the construction of projects similar to the Premises), (iii) Force Majeure events as set forth in the Lease Agreement, (iv) delay in the acquisition, construction, installation and equipping of the Premises as a result of actions, suits or other challenges by third parties relating to any finding or determination required under the California Environmental Quality Act by any involved public agency, (v) deductibles required to be paid by the Lessor in connection with any insurance required under Section 20 of the Lease Agreement or any other insurance policies carried, as the case may be, by the Lessor, the Base Building Contractor and/or the Contractor, (vi) the estimated direct costs of any delay in the construction process (including carrying costs) resulting from or in connection with any of the events or occurrences in clauses (i) through (v) above, and (vii) financing by the Lessor of any of the costs incurred in connection with clauses (i) through (vi) above (the "Unforeseen Costs"), the Lessee hereby agrees to pay such Unforeseen Costs in an aggregate amount not to exceed 10% of the original principal amount of the Bonds delivered to finance the construction of the Premises immediately following the submission of an invoice by the Lessor for such Unforeseen Costs. Alternatively, the Lessee, with the reasonable approval of the Lessor, may request that the Lessor cause to be executed and delivered additional Bonds to finance the Unforeseen Costs (subject to the limitation provided in the preceding sentence) but only in accordance with the documents pursuant to which the Bonds were issued and delivered and following the execution of an amendment to the Lease Agreement increasing the Base Rent to an amount at least sufficient to pay the principal and interest with respect to the Bonds, including the additional Bonds. In addition, the issuance and delivery of additional Bonds shall be subject to the following: (i) the Lessor's receipt of necessary approvals of its debt insurers and/or rating agencies, and (ii) the Lessee providing all necessary approvals required under the Lease Agreement to provide for the delivery of such additional Bonds, cooperating with the arrangement of such financing and agreeing to all modifications to the Lease Agreement required to effectuate such financing. The Lessor shall immediately notify the Lessee of any event that results in or may result in an Unforeseen Cost. Following such notification, the Lessee and the Lessor shall meet to discuss the nature and extent of such Unforeseen Cost. Thereafter, the Lessee and the Lessor shall cooperate to minimize such Unforeseen Cost. With respect to the conditions described in clause (ii) above, Lessor represents and warrants that it has or shall have, prior to its acquisition of the Site, conduct all due diligence (including due diligence with respect to Hazardous Substances) which a developer experienced in the acquisition of sites similar to the Site and construction of projects similar to the Premises would conduct.

## 11. Remedies.

11.1 Failure to Achieve Substantial Completion In the event Lessor fails to achieve Substantial Completion of the Base Improvements and/or the Tenant Improvements by the Substantial Completion Deadline (including any authorized extensions of time pursuant to this Work Letter), Lessee may exercise any or all of the following remedies, in addition to any other remedies provided at law or in equity.

11.1.1 LIQUIDATED DAMAGES. ALL TIME LIMITS STATED IN THE LEASE AGREEMENT AND THIS WORK LETTER ARE OF THE ESSENCE OF THE CONTRACT AND THEREFORE SHOULD THE LESSOR FAIL TO PROVIDE SUBSTANTIAL COMPLETION OF THE BASE IMPROVEMENTS AND THE TENANT IMPROVEMENTS ON OR BEFORE THE SUBSTANTIAL COMPLETION DEADLINE (AS THE SAME MAY BE EXTENDED PURSUANT TO THE PROVISIONS OF THIS WORK LETTER), IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE LESSEE AND THE LESSOR THAT THE USE BY THE LESSEE OF THE PREMISES WILL BE CORRESPONDINGLY DELAYED, AND THAT BY REASON THEREOF, THE LESSEE AND THE PUBLIC WILL NECESSARILY SUFFER GREAT DAMAGES. ACCORDINGLY, IF LESSOR FAILS TO ACHIEVE SUBSTANTIAL COMPLETION OF THE BASE IMPROVEMENTS AND/OR THE TENANT IMPROVEMENTS BY THE SUBSTANTIAL COMPLETION DEADLINE (AS THE SAME MAY BE EXTENDED PURSUANT TO THE PROVISIONS OF THIS WORK LETTER), THEN, AS THE LESSEE'S SOLE AND EXCLUSIVE REMEDY FOR DAMAGES FOR SUCH DELAY AND INSTEAD OF ANY ACTUAL DAMAGES, THE LESSOR SHALL PAY TO THE LESSEE PROMPTLY ON DEMAND BY THE LESSEE (OR THE LESSEE MAY CAUSE TRUSTEE TO WITHHOLD THE SAME FROM AMOUNTS OTHERWISE PAYABLE UNDER THE BASE IMPROVEMENTS CONSTRUCTION CONTRACT AND/OR THE TENANT IMPROVEMENTS CONSTRUCTION CONTRACT), AS COMPENSATION TO THE LESSEE FOR THE LOSS OF THE BENEFICIAL USE OF THE PREMISES DURING THE PERIOD OF THE DELAY, BUT NOT AS A PENALTY, LIQUIDATED DAMAGES IN THE AMOUNT OF FIVE HUNDRED DOLLARS (\$500.00) FOR EACH CALENDAR DAY THAT THE SUBSTANTIAL COMPLETION OF THE PREMISES IS SO DELAYED BEYOND THE SUBSTANTIAL COMPLETION DEADLINE. THE PARTIES HERETO HEREBY AGREE THAT THE FOREGOING LIQUIDATED DAMAGES ARE FAIR AND REASONABLE AND COMPRISE THE SUM OF THE LESSEE'S DAMAGES IN THE EVENT OF A DELAY IN SUBSTANTIAL COMPLETION. THE PARTIES HERETO FURTHER AGREE THAT THE PAYMENT OF THE AMOUNTS DESCRIBED IN THIS SECTION 11.1.1 ABOVE AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE OWNER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

LESSOR'S  
INITIALS

LESSEE'S  
INITIALS

11.2 Lessee's Right to Cure. Lessor shall promptly provide Lessee with a copy of any notice of default ("Notice of Default") received from the Base Building Contractor and/or the Contractor under the Base Improvements Construction Contract or the Tenant Improvements Construction Contract, as the case may be. Provided that Lessee has not received, prior to Lessee's delivery to Lessor of a Cure Election Notice (as defined hereinbelow), written notice from Lessor stating that Lessor has cured or has commenced to cure the default specified in the applicable Default Notice, Lessee shall have the right, but not the obligation, by written notice to Lessor delivered prior to the expiration of the applicable cure period ("Cure Election Notice"), to

cure the default specified in the applicable Default Notice. Lessor, upon written notice from Lessee accompanied by reasonable supporting documentation evidencing such amounts incurred, shall promptly (but in any event within ten (10) days) reimburse Lessor for all such amounts. If Lessor fails to reimburse Lessee within said ten (10) day period, Lessee shall have the right to have Trustee withhold from payments due under the Base Improvements Construction Contract or Tenant Improvements Construction Contract, as applicable, all amounts due, and to have such amounts paid to Lessee.

## 12. Miscellaneous Provisions.

12.1 Lessor's Representative. Lessor has designated Alliance Property Group Inc. as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of the Lessor as required in this Work Letter.

12.2 Third Party Beneficiary. The parties hereto agree that Lessee shall be a third party beneficiary of the Base Improvements Construction Contract and the Tenant Improvements Construction Contract.

12.3 Construction Warranties. Lessor shall obtain industry standard warranties for the Base Improvements and the Tenant Improvements, but which warranties shall in no event be for a period less than one (1) year following Substantial Completion (and the applicable Construction Contracts shall provide that in the event any item is replaced or repaired pursuant to such warranty, the warranty period with respect thereto shall not recommence anew from the date of each such repair or replacement). Lessor shall assign to Lessee all such warranties and guaranties relating to the Base Improvements and the Tenant Improvements.

12.4 Delivery of Clean Premises. Immediately prior to Lessee's move into the Premises, Landlord shall cause the Premises to be cleaned in accordance with the cleaning specifications set forth on Exhibit H to the Lease Agreement.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Work Letter to be executed as of the day and year first above written.

**LESSOR:**

**VERMONT VILLAGE HUMAN  
SERVICES CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**LESSEE:**

**COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**APPROVED AS TO FORM:**

LLOYD W. PELLMAN

By: \_\_\_\_\_  
Deputy County Counsel

## **SCHEDULE 1**

### **DESCRIPTION OF BASE IMPROVEMENTS**

With respect to the Facilities, the Base Improvements include:

- Parking Structure in its entirety including automatic access controls;
- Landscaping (including irrigation system and exterior lighting);
- The sum of the Office Building's substructure (excavation and recompaction, foundations);
- The vertical structure (structural steel and fireproofing);
- Horizontal structure (including reinforced concrete slab on grade, suspended floors of structural steel framing with metal decking and concrete topping);
- Roofs with a 20-year bondable life (including structural steel framing with metal decking and concrete topping, and fireproofing at steel structure);
- Exterior cladding (including exterior wall finish, metal framing, insulation, exterior glazing including dual paned reflective glass windows, doors and painted gypsum board to interior face of exterior walls);
- Roofing and waterproofing (including roof insulation, roofing, sheet metal flashings, roof access and ventilation caulking and sealants);
- Waterproofing of all subterranean structures;
- Dropped ceilings on a 2' X 4' grid system with standard 2' X 4' scored acoustical tiles, lighting consisting of 2' X 4' lay-in light fixtures and a general lighting level of 50 foot candles at desktop height;
- Interior partitions at elevator and lobby areas (including metal stub framing, durable finished walls, interior and fire doors);
- Durable interior finishes for elevator and main lobbies (including floor, wall and ceiling finishes with long life durable products);
- All functional equipment for vertical transportation (including stairs, elevators with cabs and durable interior finishes, and access ladders);
- Plumbing (including concealed pipe work, rain water drainage, fire sprinkler systems, landscaping irrigation, drinking fountains, all restrooms and sinks);
- Heating, ventilating, and air conditioning from a central plant (including mechanical equipment and duct work distribution and lighting to all areas);
- Electrical equipment, power distribution and lighting to all areas sufficient for DPSS LEADER data requirements as specified by the County Internal Services Department (available upon request); and
- Electrical and telecommunications service of sufficient capacity to the Office Building including:
  - All vertical power distribution for the entire Office Building to include:
    - All 480/277 volt panels for lighting.
    - All 208/120 volt panels to support LA County's computer loads.
    - Separation of 208/120 volt panels for LEADER equipment from all other loads.

- Transformers supplying power to the LEADER panels shall be PowerSmith type to cancel the harmonics of the computers.
- 208/120 volt panels for LEADER equipment shall have 200 percent rated neutral bar, equipment ground bar and an isolated ground strip and Transient Voltage Suppression System.
- Power to all HVAC and elevator loads.
- The Facilities shall be furnished with a diesel fueled stand-by emergency generator of sufficient capacity to supply power to the Facilities so that normal operations can be maintained in the event of prolonged utility company power outages. Fuel capacity for a minimum of 24 hours shall be included.
- HVAC System energy management and controls.
- All general lighting and controls.
- Main Communications Room (MCR) with basic telephone service and sufficient service conduits per LAC requirements.
- Provide Stacked Telecommunications room (IDF) on each floor for Data Equipment Racks with interconnecting conduit sleeves to each other.
- All wall openings in the IDF and MCR rooms for required Cable tray entrances.
- Isolated grounding bus bar in each telecommunication room interconnected to the Office Building main grounding bus; and
- Code required fire Pump System.
- Main reception/security desk(s) and building directory.
- Code required signage.
- Life safety systems (including wet fire sprinkler system to all building areas and parking garages, and fire alarm system).
- Intrusion detection and alarm system at all entry levels.
- Check point entry system (including power supply) at Parking Structure entrance, all stairwells on each floor, all elevators, and at least two external entrances.
- Public address system throughout the Office Building with a minimum of nine zones per user departments.
- CCTV coverage in all public areas including Parking Structure.
- Cable try distribution throughout the Office Building sufficient to carry all data, telephone, panic alarm, CCTV, security system and public address cabling; (specification and size to be supplied by County).
- Exterior fencing and gating.
- Three flag poles.
- Exterior Building Sign, in an amount not to exceed Ten Thousand Dollars (\$10,000).

**NOTES:**

1. To “all areas” above means to accommodate total coverage throughout the Facilities for the use specified. It does not include special HVAC provisions necessitated by Tenant Improvements floor to ceiling partitions.
2. LEADER refers to computer systems in the DPSS portion of the Facilities only.
3. The fire alarm, intrusion alarm, checkpoint entry and CCTV systems must be capable of interfacing with an integrated software control package supplied and programmed by the County.

**SCHEDULE 2**

**BASE IMPROVEMENTS CONCEPTUAL DRAWINGS**

**[SEE ATTACHED]**

**SCHEDULE 3**

**BASE IMPROVEMENTS SCHEMATIC DRAWINGS**

**[SEE ATTACHED]**

## **SCHEDULE 4**

### **TENANT IMPROVEMENT DEFINITIONS**

1. With respect to the Facilities, Tenant Improvements include the following items outside the Base Improvements:

- Interior partitions (including metal stud framing, painted gypsum board, and interior doors);
- interior finishes (including paint to walls, carpet or other floor covering, and hung acoustic or drywall ceilings);
- bulkhead finishes (including metal stud framing and gypsum board);
- plumbing (including concealed pipe work and sanitary fixtures);
- electrical and lighting;
- communications conduit distribution system for telecom and data systems;
- fire protection (including automatic wet sprinkler system);
- Electrical conduit and wire infrastructure from the 480/277 volt and the 208/120 volt panels for all convenience and special outlets in the modular furniture and hard offices;
- All conduit and outlet boxes required for the Low Voltage and Telecommunication/Data systems wiring;
- All line voltage wiring to equipment in the MCR and the IDF rooms in each floor as required by LAC;
- HVAC modifications as required to accommodate floor to ceiling partitions;
- Build-in partitions and rooms;
- Floor coverings;
- Millwork;
- Paint and wall coverings;
- Signage not required by Code; and
- Interior doors not required by code and associated hardware including any card readers.

2. The following items shall not be considered Tenant Improvements; provided, however, the County may request the Lessor to supply the following data/telecommunications and Low Voltage security systems at an additional cost to the County:

- All telecommunication and data design, wiring, equipment and installation;
- Panic Alarm System design, wiring, equipment and installation;
- CCTV;
- Checkpoint entry programming, card readers and final hookup at system end not included in Base Improvements; and
- All electronic units providing messages or other services to the public.

3. The following items shall be the sole responsibility of the County:

- All desktop computer and computer related equipment and installation;
- Telephones;
- All mail room furnishings and equipment; and
- Security equipment and installation except as noted above.

4. All Tenant Improvements must comply with County supplied design criteria and specifications. County's approval of all Tenant Improvements designs and specifications is required prior to issuing for competitive bids. All Tenant Improvements shall be competitively bid separate from the Base Improvements and shall receive the County's approval prior to award. On completion, electronic copies of all as-built drawings and specifications shall be supplied to the County.

**SCHEDULE 5**

**DEVELOPER FEE SCHEDULE**

<b><u>Benchmark Events</u></b>	<b><u>Percent of Fee Earned</u></b>
Outline Specifications and Schematic Design Development Complete	8.50%
Entitlements Application Complete and Granted	8.50
Lease Executed with County of Los Angeles	8.50
Bond Financing Completed	8.50
County Approval of Base Improvements Working Drawings	6.50
Rough Grading Completed	6.50
Foundations poured for Office Building	5.00
Steel for Office Building Erected	5.00
Skin for Office Building Complete	5.00
Installation of Modular Furniture Complete	12.00
Temporary Certificate of Occupancy Received	12.50
Punch List Complete	8.00
Project Closeout, County Receives Warranties, As-Builts and All Lien Releases Delivered to Trustee	<u>5.50</u>
TOTAL	<u>100.00%</u>

PROJECT NUMBER: 02-286CASES: CUPZC, LP**\*\*\*\*\* INITIAL STUDY \*\*\*\*\*****COUNTY OF LOS ANGELES  
DEPARTMENT OF REGIONAL PLANNING**GENERAL INFORMATIONI.A. Map Date: October 28, 2002Staff Member: Christina D. TranThomas Guide: 703 H-7USGS Quad: InglewoodLocation: 1819-1821 W. 120<sup>th</sup> St., West Athens

Description of Project: Application for a Local Plan Amendment in the West Athens/Westmont Plan area from Open Space (OS) to Community Commercial (C-2). A Zone Change from OS and Neighborhood Business (C-2) to Unlimited Commercial Development Program (C-3-DP) is being requested as well. Application also includes a request for a CUP to authorize the construction of a four-story office building (106,000 s.f.) and a six-level parking structure (164,400 s.f.) for 555 parking spaces in addition to a 45 space surface parking lot. All proposed improvements at the project site will not exceed 70' in height. This CUP also includes a request for a height variance above 40' in the West Athens/Westmont CSD. Access road from Western Avenue will be realigned slightly and extension of 120<sup>th</sup> Street is not proposed as a part of this project. Proposed facility will be leased by the County Department of Public Social Services with option to buy. Operating hours will be M-F from 7:00 a.m. to 7:00 p.m. with approximately 400-600 employees working at the site.

Gross Acres: 3.3 acres

Environmental Setting: Project site is located in an urbanized area with no significant natural habitat. There is currently a single family residence, a billboard, and an outdoor storage of construction vehicles within an enclosed 6' high perimeter fenced area at the site which will all be removed except for the billboard. Surrounding uses consist of residences, the 105 Freeway, Union Pacific Rail line to the north, a golf course to the south, a restaurant, and a park to the west.

Zoning: OS (Open Space); C-2 (Neighborhood Commercial)

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General Plan: *Low Density Residential*

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Community/Area wide Plan: *OS and C-2 (West Athens/Westmont Community Plan)*

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## Major projects in area:

<u>PROJECT NUMBER</u>	<u>DESCRIPTION &amp; STATUS</u>
<u>CP00199/TR52973</u>	<u>1 MF lot with 26 detached condo (pending)</u>
<u>TR45687</u>	<u>1 MF lot with 7 new condo (4-13-90 recorded)</u>
<u>CP01130</u>	<u>Two SF residences (2-6-02 approved)</u>
<u>CP85063/TR43580</u>	<u>8 SF lots (7-3-85 recorded)</u>

NOTE: For EIRs, above projects are not sufficient for cumulative analysis.

## REVIEWING AGENCIES

<u>Responsible Agencies</u> <input type="checkbox"/> None <input checked="" type="checkbox"/> Regional Water Quality Control Board <input checked="" type="checkbox"/> Los Angeles Region <input type="checkbox"/> Lahontan Region <input type="checkbox"/> Coastal Commission <input type="checkbox"/> Army Corps of Engineers <input checked="" type="checkbox"/> <i>Caltrans</i> <hr/> <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/> <u>Trustee Agencies</u> <input checked="" type="checkbox"/> None <hr/>  <input type="checkbox"/> State Fish and Game <hr/> <input type="checkbox"/> State Parks <hr/> <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/>	<u>Special Reviewing Agencies</u> <input type="checkbox"/> None <input type="checkbox"/> Santa Monica Mountains Conservancy <input type="checkbox"/> National Parks <input type="checkbox"/> National Forest <input type="checkbox"/> Edwards Air Force Base <input type="checkbox"/> Resource Conservation District of Santa Monica Mtns. Area <input checked="" type="checkbox"/> <i>South Pacific Trans Co.</i> <input checked="" type="checkbox"/> <i>Southern California Water Company</i> <hr/> <input checked="" type="checkbox"/> <i>City of Hawthorne</i> <hr/> <input checked="" type="checkbox"/> <i>MTA</i> <hr/> <input checked="" type="checkbox"/> <i>FAA</i> <hr/> <input checked="" type="checkbox"/> <i>Hawthorne Municipal Airport</i> <hr/>  <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/>	<u>Regional Significance</u> <input checked="" type="checkbox"/> None <input type="checkbox"/> SCAG Criteria <input type="checkbox"/> Air Quality <input type="checkbox"/> Water Resources <input type="checkbox"/> Santa Monica Mtns. Area <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/> <input type="checkbox"/> <hr/>  <u>County Reviewing Agencies</u> <input checked="" type="checkbox"/> County Sanitation District <input checked="" type="checkbox"/> DPW: Traffic & Lighting; Drainage & Grading; Geotechnical and Materials Engineering; Watershed Management; Transportation Planning; Programs Development Division <hr/> <input checked="" type="checkbox"/> County Parks & Recreation <hr/> <input checked="" type="checkbox"/> Fire Department <hr/> <input checked="" type="checkbox"/> Health Services: Environmental Hygiene <hr/>
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<b>IMPACT ANALYSIS MATRIX</b>		<b>ANALYSIS SUMMARY</b> (See individual pages for details)			
			Less than Significant Impact/No Impact		
			Less than Significant Impact with Project Mitigation		
				Potentially Significant Impact	
<b>CATEGORY</b>	<b>FACTOR</b>	<b>Pg</b>			Potential Concern
<b>HAZARDS</b>	1. Geotechnical	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Flood	6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Fire	7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Noise	8	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOURCES</b>	1. Water Quality	9	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Air Quality	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Biota	11	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Cultural Resources	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Mineral Resources	13	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Agriculture Resources	14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Visual Qualities	15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SERVICES</b>	1. Traffic/Access	16	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Sewage Disposal	17	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Education	18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Fire/Sheriff	19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Utilities	20	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>OTHER</b>	1. General	21	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Environmental Safety	22	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Land Use	23	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Pop/Hous./Emp./Rec.	24	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Mandatory Findings	25	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## DEVELOPMENT MONITORING SYSTEM (DMS)

As required by the Los Angeles County General Plan, DMS\* shall be employed in the Initial Study phase of the environmental review procedure as prescribed by state law.

- Development Policy Map Designation: Urban Open Space
- ☐ Yes ☒ No Is the project located in the Antelope Valley, East San Gabriel Valley, Malibu/Santa Monica Mountains or Santa Clarita Valley planning area?
- ☐ Yes ☒ No Is the project at urban density and located within, or proposes a plan amendment to, an urban expansion designation?

**If both of the above questions are answered "yes", the project is subject to a County DMS analysis.**

☐ Check if DMS printout generated (attached)

Date of printout: \_\_\_\_\_

- ☐ Check if DMS overview worksheet completed (attached)  
EIRs and/or staff reports shall utilize the most current DMS information available.

**Environmental Finding:**

FINAL DETERMINATION: On the basis of this Initial Study, the Department of Regional Planning finds that this project qualifies for the following environmental document:

- ☒ NEGATIVE DECLARATION, inasmuch as the proposed project will not have a significant effect on the environment.

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was determined that this project will not exceed the established threshold criteria for any environmental/service factor and, as a result, will not have a significant effect on the physical environment.

- ☐ MITIGATED NEGATIVE DECLARATION, in as much as the changes required for the project will reduce impacts to insignificant levels (see attached discussion and/or conditions).

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was originally determined that the proposed project may exceed established threshold criteria. The applicant has agreed to modification of the project so that it can now be determined that the project will not have a significant effect on the physical environment. The modification to mitigate this impact(s) is identified on the Project Changes/Conditions Form included as part of this Initial Study.

- ☐ ENVIRONMENTAL IMPACT REPORT\*, inasmuch as there is substantial evidence that the project may have a significant impact due to factors listed above as "significant".

- ☐ At least one factor has been adequately analyzed in an earlier document pursuant to legal standards, and has been addressed by mitigation measures based on the earlier analysis as described on the attached sheets (see attached Form DRP/IA 101). The EIR is required to analyze only the factors not previously addressed.

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_

☐ Determination appealed – see attached sheet.

\*NOTE: Findings for Environmental Impact Reports will be prepared as a separate document following the public hearing on the project.

## HAZARDS - 1. Geotechnical

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is the project located in an active or potentially active fault zone, Seismic Hazards Zone, or Alquist-Priolo Earthquake Fault Zone? <u>Newport Inglewood Fault Zone (LA County Safety Element map)</u>
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area containing a major landslide(s)?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area having high slope instability?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site subject to high subsidence, high groundwater level, liquefaction, or hydrocompaction?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposed project considered a sensitive use (school, hospital, public assembly site) located in close proximity to a significant geotechnical hazard?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project entail substantial grading and/or alteration of topography including slopes of over 25%?
g.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project be located on expansive soil, as defined in Table 18-1-B of Uniform Building Code (1994), creating substantial risks to life or property?
h.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

### STANDARD CODE REQUIREMENTS

- ☐ Building Ordinance No. 2225 – Sections 308B, 309, 310, and 311 and Chapters 29 and 70
- ☐ **MITIGATION MEASURES** ☒ **OTHER CONSIDERATIONS**
- ☐ Lot Size ☐ Project Design ☐ Approval of Geotechnical Report by DPW

DPW concluded that project will not have significant impacts in their letter dated February 6, 2003

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, **geotechnical** factors?

- ☐ Potentially significant ☐ Less than significant with project mitigation ☒ Less than significant/No Impact

## HAZARDS - 2. Flood

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is the major drainage course, as identified on USGS quad sheets by a dashed line, located on the project site?  <i>Unnamed blue-line drainage on USGS map (Inglewood Quad)</i>
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located within or does it contain a floodway, floodplain, or designated flood hazard zone?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in or subject to high mudflow conditions?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project contribute or be subject to high erosion and debris deposition from run-off?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project substantially alter the existing drainage pattern of the site or area?
f.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other factors (e.g., dam failure)?  <i>Approximate Hillside Areas (LA County Safety Element Map)</i>

### STANDARD CODE REQUIREMENTS

☐ Building Ordinance No. 2225 – Section 308A      ☐ Ordinance No. 12,114 (Floodways)

☒ Approval of Drainage Concept by DPW

☐ **MITIGATION MEASURES**

☒ **OTHER CONSIDERATIONS**

☐ Lot Size      ☐ Project Design

*Applicant shall comply with all conditions set forth by the Drainage and Grading unit in their letter dated 2/24/03.*

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by **flood (hydrological)** factors?

☐ Potentially significant      ☐ Less than significant with project mitigation      ☒ Less than significant/No impact

### HAZARDS - 3. Fire

#### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in a Very High Fire Hazard Severity Zone (Fire Zone 4)?
b.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is the project site in a high fire hazard area and served by inadequate access due to lengths, width, surface materials, turnarounds or grade? <i>Access may be inadequate</i>
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site have more than 75 dwelling units on a single access in a high fire hazard area?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area having inadequate water and pressure to meet fire flow standards?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project located in close proximity to potential dangerous fire hazard conditions/uses (such as refineries, flammables, explosives manufacturing)?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the proposed use constitute a potentially dangerous fire hazard?
g.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

#### STANDARD CODE REQUIREMENTS

☐ Water Ordinance No. 7834    ☐ Fire Ordinance No. 2947    ☐ Fire Prevention Guide No.46  
☐ Fuel Modification / Landscape Plan

#### ☐ MITIGATION MEASURES

#### ☒ OTHER CONSIDERATIONS

☐ Project Design    ☐ Compatible Use

Applicant shall comply with all conditions set forth by the Fire Department in their letter dated 2/6/03.

## CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by **fire hazard** factors?

☐ Potentially significant

☐ Less than significant with project mitigation

☒ Less than significant/No impact

## HAZARDS - 4. Noise

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is the project site located near a high noise source (airports, railroads, freeways, industry)? <i>Rail road and 105 Freeway to the north</i>
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposed use considered sensitive (school, hospital, senior citizen facility) or are there other sensitive uses in close proximity? <i>Henry Clay Middle School is about 700' from the project site</i>
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project substantially increase ambient noise levels including those associated with special equipment (such as amplified sound systems) or parking areas associated with the project?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels without the project?
e.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?  

### STANDARD CODE REQUIREMENTS

☐ Noise Ordinance No. 11,778

☐ Building Ordinance No. 2225--Chapter 35

☐ MITIGATION MEASURES

☒ OTHER CONSIDERATIONS

☐ Lot Size    ☐ Project Design    ☐ Compatible Use

*Applicant shall comply with all conditions set forth by the Department of Health Services in their letter dated 1-18-03 and all mitigation measures proposed in the 2-7-03 letter by Nadel Architects Inc.*

## CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by **noise**?

☐ Potentially significant

☐ Less than significant with project mitigation

☒ Less than significant/No impact

## RESOURCES - 1. Water Quality

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an area having known water quality problems and proposing the use of individual water wells?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the proposed project require the use of a private sewage disposal system?
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If the answer is yes, is the project site located in an area having known septic tank limitations due to high groundwater or other geotechnical limitations <i>or</i> is the project proposing on-site systems located in close proximity to a drainage course?
c.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Could the project's associated construction activities significantly impact the quality of groundwater and/or storm water runoff to the storm water conveyance system and/or receiving water bodies? <i>Parking lots with over 25 parking spaces are subject to NPDES requirements</i>
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Could the project's post-development activities potentially degrade the quality of storm water runoff and/or could post-development non-storm water discharges contribute potential pollutants to the storm water conveyance system and/or receiving bodies? <i>Parking lots with over 25 parking spaces are subject to NPDES requirements</i>
e.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

### STANDARD CODE REQUIREMENTS

- |  |   |
|--|---|
| <input type="checkbox"/> Industrial Waste Permit           | <input type="checkbox"/> Health Code – Ordinance No.7583, Chapter 5         |
| <input type="checkbox"/> Plumbing Code – Ordinance No.2269 | <input checked="" type="checkbox"/> NPDES Permit CAS614001 Compliance (DPW) |

### ☐ MITIGATION MEASURES

- ☐ Lot Size    ☐ Project Design    ☐ Compatible Use

### ☒ OTHER CONSIDERATIONS

Consultation with RWQCB

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by, **water quality** problems?

☐ Potentially significant

☐ Less than significant with project mitigation

☒ Less than significant/No impact

## RESOURCES - 2. Air Quality

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the proposed project exceed the State's criteria for regional significance (generally (a) 500 dwelling units for residential users or (b) 40 gross acres, 650,000 square feet of floor area or 1,000 employees for non-residential uses)?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposal considered a sensitive use (schools, hospitals, parks) and located near a freeway or heavy industrial use?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project increase local emissions to a significant extent due to increased traffic congestion or use of a parking structure or exceed AQMD thresholds of potential significance per Screening Tables of the CEQA Air Quality Handbook?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project generate or is the site in close proximity to sources that create obnoxious odors, dust, and/or hazardous emissions?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project conflict with or obstruct implementation of the applicable air quality plan?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?
g.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under applicable federal or state ambient air quality standard (including releasing emission which exceed quantitative thresholds for ozone precursors)?
h.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

### STANDARD CODE REQUIREMENTS

☐ Health and Safety Code – Section 40506

### ☐ MITIGATION MEASURES

☐ Project Design      ☐ Air Quality Report

### ☐ OTHER CONSIDERATIONS

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by, **air quality**?

☐ Potentially significant      ☐ Less than significant with project mitigation      ☒ Less than significant/No impact

## RESOURCES - 3. Biota

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located within Significant Ecological Area (SEA), SEA Buffer, or coastal Sensitive Environmental Resource (ESHA, etc.), or is the site relatively undisturbed and natural?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will grading, fire clearance, or flood related improvements remove substantial natural habitat areas?
c.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is a major drainage course, as identified on USGS quad sheets by a blue dashed line, located on the project site?  <i>Unnamed blue-line stream on USGS map (Inglewood Quad)</i>
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site contain a major riparian or other sensitive habitat (e.g. coastal sage scrub, oak woodland, sycamore riparian, woodland, wetland, etc.)?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site contain oak or other unique native trees (specify kinds of trees)?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site habitat for any known sensitive species (federal or state listed endangered, etc.)?
g.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors (e.g., wildlife corridor, adjacent open space linkage)?

<input type="checkbox"/> <b>MITIGATION MEASURES</b>	<input checked="" type="checkbox"/> <b>OTHER CONSIDERATIONS</b>
<input type="checkbox"/> Lot Size <input type="checkbox"/> Project Design	<input type="checkbox"/> ERB/SEATAC Review <input type="checkbox"/> Oak Tree Permit

*Drainage course not evident on project site.*

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### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, **biotic** resources?

<input type="checkbox"/> Potentially significant	<input type="checkbox"/> Less than significant with project mitigation	<input checked="" type="checkbox"/> Less than significant/No impact
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## RESOURCES - 4. Archaeological/Historical/Paleontological

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is the project site in or near an area containing known archaeological resources or containing features (drainage course, spring, knoll, rock outcroppings, or oak trees) that indicate potential archaeological sensitivity?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<div style="border-bottom: 1px solid black; padding-bottom: 2px;"><i>Unnamed blue-line stream on USGS map (Inglewood Quad)</i></div> Does the project site contain rock formations indicating potential paleontological resources?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project site contain known historic structures or sites?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project cause a substantial adverse change in the significance of a historical or archaeological resource as defined in 15064.5?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?
f.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☒ **OTHER CONSIDERATIONS**

☐ Lot Size
 ☐ Project Design
 ☐ Phase 1 Archaeology Report

*Site is disturbed and surrounding areas are developed*

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### CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **archaeological, historical, or paleontological** resources?

☐ Potentially significant      ☐ Less than significant with project mitigation      ☒ Less than significant/No impact

## RESOURCES - 5.Mineral Resources

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in the loss of availability of a locally important mineral resource discovery site delineated on a local general plan, specific plan or other land use plan?
c.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☐ **OTHER CONSIDERATIONS**

☐ Lot Size      ☐ Project Design

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### CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **mineral** resources?

☐ Potentially significant     
 ☐ Less than significant with project mitigation     
 ☒ Less than significant/No impact

## RESOURCES - 6. Agriculture Resources

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency to non-agricultural use?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project conflict with existing zoning for agricultural use, or a Williamson Act contract?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project involve other changes in the existing environment that due to their location or nature, could result in conversion of Farmland, to non-agricultural use?
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☐ **OTHER CONSIDERATIONS**

☐ Lot Size      ☐ Project Design

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### CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **agriculture** resources?

☐ Potentially significant     
 ☐ Less than significant with project mitigation     
 ☒ Less than significant/No impact

## RESOURCES - 7. Visual Qualities

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site substantially visible from or will it obstruct views along a scenic highway (as shown on the Scenic Highway Element), or is it located within a scenic corridor or will it otherwise impact the viewshed?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project substantially visible from or will it obstruct views from a regional riding or hiking trail?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site located in an undeveloped or undisturbed area that contains unique aesthetic features?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the proposed use out-of-character in comparison to adjacent uses because of height, bulk, or other features?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project likely to create substantial sun shadow, light or glare problems?
f.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other factors (e.g., grading or landform alteration)?
<div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <i>A segment of an existing golf course access road from Western Avenue will be unpaved and realigned to be repaved.</i> </div>				

☐ **MITIGATION MEASURES**

☒ **OTHER CONSIDERATIONS**

☐ Lot Size

☐ Project Design

☐ Visual Report

☐ Compatible Use

*Applicant shall landscape the entire area south of the proposed access road extension including the segment of the existing access road to be unpaved.*

### CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **scenic** qualities?

☐ Potentially significant

☐ Less than significant with project mitigation

☒ Less than significant/No impact

## SERVICES - 1. Traffic/Access

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project contain 25 dwelling units, or more and is it located in an area with known congestion problems (roadway or intersections)?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project result in any hazardous traffic conditions?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project result in parking problems with a subsequent impact on traffic conditions?
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Will inadequate access during an emergency (other than fire hazards) result in problems for emergency vehicles or residents/employees in the area?  <i>Access may be inadequate</i>
e.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Will the congestion management program (CMP) Transportation Impact Analysis thresholds of 50 peak hour vehicles added by project traffic to a CMP highway system intersection or 150 peak hour trips added by project traffic to a mainline freeway link be exceeded?  <i>Office building will be 106,000 s.f. and parking structure will be 164,400 s.f.</i>
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project conflict with adopted policies, plans, or program supporting alternative transportation (e.g., bus, turnouts, bicycle racks)?
g.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☒ **OTHER CONSIDERATIONS**

☐ Project Design    ☒ Traffic Report    ☐ Consultation with Traffic & Lighting Division

*Applicant shall comply with all conditions set forth by the DPW in their letter dated 2/13/03. Caltrans has no comments in their letter dated 2/26/03.*

### CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **traffic/access** factors?

☐ Potentially significant

☐ Less than significant with project mitigation ☒ Less than significant/No impact

## SERVICES - 2. Sewage Disposal

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If served by a community sewage system, could the project create capacity problems at the treatment plant?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create capacity problems in the sewer lines serving the project site?
c.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

### STANDARD CODE REQUIREMENTS

☐ Sanitary Sewers and Industrial Waste – Ordinance No. 6130

☐ Plumbing Code – Ordinance No. 2269

☐ MITIGATION MEASURES

☐ OTHER CONSIDERATIONS

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **sewage disposal** facilities?

☐ Potentially significant

☐ Less than significant with project mitigation

☒ Less than significant/No impact

### **SERVICES - 3. Education**

#### **SETTING/IMPACTS**

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create capacity problems at the district level?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create capacity problems at individual schools that will serve the project site?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create student transportation problems?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create substantial library impacts due to increased population and demand?
e.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☐ **OTHER CONSIDERATIONS**

☐ Site Dedication    ☐ Government Code Section 65995    ☐ Library Facilities Mitigation Fee

#### **CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **educational** facilities/services?

☐ Potentially significant

☐ Less than significant with project mitigation ☒ Less than significant/No impact

### SERVICES - 4. Fire/Sheriff Services

#### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create staffing or response time problems at the fire station or sheriff's substation serving the project site?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are there any special fire or law enforcement problems associated with the project or the general area?
c.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ MITIGATION MEASURES

☐ OTHER CONSIDERATIONS

☐ Fire Mitigation Fee

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#### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **fire/sheriff** services?

☐ Potentially significant

☐ Less than significant with project mitigation ☒ Less than significant/No impact

### **SERVICES - 5. Utilities/Other Services**

#### **SETTING/IMPACTS**

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site in an area known to have an inadequate public water supply to meet domestic needs or to have an inadequate ground water supply and proposes water wells?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is the project site in an area known to have an inadequate water supply and/or pressure to meet fire fighting needs?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project create problems with providing utility services, such as electricity, gas, or propane?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are there any other known service problem areas (e.g., solid waste)?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services or facilities (e.g., fire protection, police protection, schools, parks, roads)?
f.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

#### **STANDARD CODE REQUIREMENTS**

☐ Plumbing Code – Ordinance No. 2269

☐ Water Code – Ordinance No. 7834

#### ☐ **MITIGATION MEASURES**

☐ Lot Size ☐ Project Design

#### ☐ **OTHER CONSIDERATIONS**

## CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **utilities** services?

☐ Potentially significant      ☐ Less than significant with project mitigation      ☒ Less than significant/No impact

## OTHER FACTORS - 1. General

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project result in an inefficient use of energy resources?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project result in a major change in the patterns, scale, or character of the general area or community?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Will the project result in a significant reduction in the amount of agricultural land?
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

### STANDARD CODE REQUIREMENTS

☐ State Administrative Code, Title 24, Part 5, T-20 (Energy Conservation)

☐ MITIGATION MEASURES

☐ OTHER CONSIDERATIONS

☐ Lot Size

☐ Project Design

☐ Compatible Use

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### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to any of the above factors?

☐ Potentially significant

☐ Less than significant with project mitigation ☒ Less than significant/No impact

### OTHER FACTORS - 2. Environmental Safety

#### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any hazardous materials used, transported, produced, handled, or stored on-site?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any pressurized tanks to be used or any hazardous wastes stored on-site?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Are any residential units, schools, or hospitals located within 500 feet and potentially adversely affected?
d.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Have there been previous uses that indicate residual soil toxicity of the site? <i>Outdoor storage of construction vehicle</i>
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project create a significant hazard to the public or the environment involving the accidental release of hazardous materials into the environment?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project emit hazardous emissions or handle hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?
g.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project be located on a site that is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or environment?
h.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project result in a safety hazard for people in a project area located within an airport land use plan, within two miles of a public or public use airport, or within the vicinity of a private airstrip?
i.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?
j.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

#### ☐ MITIGATION MEASURES

☐ Toxic Clean-up Plan

#### ☒ OTHER CONSIDERATIONS

Phase I Environmental Assessment report dated 9/27/02 and supplemental environmental consultation letter by Mactec dated 12/2/02 did not identify significant impacts from soil contamination.

## CONCLUSION

Considering the above information, could the project have a significant impact relative to **public safety**?

☐ Potentially significant      ☐ Less than significant with project mitigation      ☒ Less than significant/No impact

## OTHER FACTORS - 3. Land Use

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Can the project be found to be inconsistent with the plan designation(s) of the subject property?  <i>Local Plan Amendment of West Athens/Westmont Plan area required</i>
b.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Can the project be found to be inconsistent with the zoning designation of the subject property?  <i>Zone change from OS and C-2 to C-3-DP</i>
c.				Can the project be found to be inconsistent with the following applicable land use criteria:
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Hillside Management Criteria?
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SEA Conformance Criteria?
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project physically divide an established community?
e.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☒ **OTHER CONSIDERATIONS**

*Proposed development would be allowed under the requested zone change and local plan amendment*

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **land use** factors?

☐ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

## OTHER FACTORS - 4. Population/Housing/Employment/Recreation

### SETTING/IMPACTS

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project cumulatively exceed official regional or local population projections?
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project induce substantial direct or indirect growth in an area (e.g., through projects in an undeveloped area or extension of major infrastructure)?
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project displace existing housing, especially affordable housing?
d.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project result in substantial job/housing imbalance or substantial increase in Vehicle Miles Traveled (VMT)?
e.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Could the project require new or expanded recreational facilities for future residents?
f.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?
g.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other factors?

☐ **MITIGATION MEASURES**

☐ **OTHER CONSIDERATIONS**

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### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **population, housing, employment, or recreational** factors?

☐ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

## MANDATORY FINDINGS OF SIGNIFICANCE

Based on this Initial Study, the following findings are made:

	Yes	No	Maybe	
a.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?</p>
b.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Does the project have possible environmental effects that are individually limited but cumulatively considerable? "Cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.</p>
c.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Will the environmental effects of the project cause substantial adverse effects on human beings, either directly or indirectly?</p>

## CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the environment?

☐ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact